Daily Report

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FBIS-LAT-93-198 *15 October 1993*

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Presidents Arrive for Rio Group Summit

Paraguayan President Wasmosy

PY1410195893 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 14 Oct 93

[Text] Paraguayan President Juan Carlos Wasmosy has arrived in a Paraguayan Air Force plane, and was welcomed by the protocol deputy director and by the Paraguayan ambassador to Chile.

In these images he can be seen receiving the greetings that are usually conveyed to official visitors. Upon arriving the Paraguayan president had an informal talk with the journalists, and discussed a number of topics, such as the need to intensify trade relations with Chile. He also commented on some of the objectives of this Rio Group Summit, such as the consolidation of democracy in Latin American countries.

Brazilian President Franco

PY1410195593 Madrid EFE in Spanish 1836 GMT 14 Oct 93

[Text] Santiago, 14 Oct (EFE)—Brazilian President Itamar Franco arrived at 1444 local time today, Thursday, in Santiago to participate in the seventh Rio Group Summit, which will begin tomorrow.

After getting off the Brazilian Air Force plane at the "Comodore Arturo Merino Benitez" international airport, President Franco received the appropriate honors from a Chilean Air Force detachment.

Franco read a brief speech in which he referred to the Rio Group Presidential Summit, during which the "affinities" of Latin American nations will be stressed.

He added that the Chilean situation, with democracy and pluralism, "stands out today in the concert of nations."

Itamar Franco is the fourth Latin American president to arrive in Santiago to participate in the seventh Rio Group Summit. The presidents of Bolivia, Gonzalo Sanchez de Lozada; of Mexico, Carlos Salinas de Gortari; and of Paraguay, Juan Carlos Wasmosy, arrived before him.

Peruvian President Fujimori

PY1410210793 Madrid EFE in Spanish 1934 GMT 14 Oct 93

[Text] Santiago, 14 Oct (EFE)—Peruvian President Alberto Fujimori arrived in Santiago today to attend the seventh Rio Group Summit, which will begin tomorrow and end on 16 October. Discussions at the foreign ministerial level, however, began today.

Fujimori arrived at the Santiago international airport at 1810 GMT, 20 minutes later than scheduled. He commented on the "warm welcome" (the temperature was 32 degrees centigrade) he received, and delivered a short speech of greeting.

He expressed his satisfaction over having arrived "in a brotherly country, and over having overcome past differences." He then took the car that would drive him to downtown Santiago.

Fujimori will have an "open agenda" meeting with Chilean President Patricio Aylwin. According to Chilean Foreign Ministry sources, the two presidents will mainly discuss the Lima Conventions which were signed by their two governments on 11 May.

These conventions seek to settle some aspects of the 1929 Treaty, which are still pending. Ratification of these aspects is under way at the two countries' congresses.

Sources from the Argentine delegation who are also attending the seventh Rio Group Summit today confirmed that President Carlos Menem has cancelled his trip to attend the summit for health reasons, and added that he will be replaced in all official acts by Foreign Minister Guido Di Tella.

Menem is the second president to report his inability to attend the summit. The first one was Jamaican Prime Minister Percival J. Paterson.

Ecuadoran President Duran-Ballen

PY1410215993 Madrid EFE in Spanish 2025 GMT 14 Oct 93

[Text] Santiago, 14 Oct (EFE)—Ecuadoran President Sixto Duran-Ballen arrived at 1655 local time today in Santiago to participate in the seventh Rio Group Summit which will gather together the 11 Latin American chiefs of state tomorrow, Friday, and Saturday.

After getting off the Ecuadoran Air Force plane, Duran-Ballen said he was "very happy" and "very satisfied at being here, bringing a brotherly and affectionate greeting from the Ecuadoran people to the people and government of this country, with whom we feel deeply united."

He added that "it will be a privilege to stay for a two-day official visit after the seventh presidential summit."

With the arrival of the Ecuadoran president there are already six Latin American presidents present in Santiago, not counting the host, Chilean President Patricio Aylwin.

The other five are the presidens of Bolivia, Gonzalo Sanchez de Lozada; of Mexico, Carlos Salinas de Gortari; of Paraguay, Juan Carlos Wasmosy; of Brazil, Itamar Franco; and of Peru, Alberto Fujimori.

Colombian President Gaviria

PY1410225893 Madrid EFE in Spanish 2207 GMT 14 Oct 93

[Excerpt] Santiago, Chile, 14 Oct (EFE)—Colombian President Cesar Gaviria arrived in Santiago today for the Seventh Rio Group Presidential Summit, which will take place in the Chilean capital on 15 and 16 October.

At the Santiago airport President Gaviria briefly said that "upon setting foot on Chilean soil I want to voice my deep admiration for this land, its democracy, and President Patricio Aylwin."

He stated: "It is our hope that the seventh Rio Group Presidential Summit will yield the best possible results as far as preserving democracy in our continent goes."

Gaviria concluded by saying that he also hoped that the meeting would reach agreements on "tasks and programs that will allow us to pull most of our population out from the poverty in which they live." [passage omitted]

Uruguayan President Lacalle

PY1510004093 Madrid EFE in Spanish 2252 GMT 14 Oct 93

[Excerpt] Santiago, Chile 14 Oct (EFE)—Uruguayan President Luis Alberto Lacalle arrived in Santiago at 1935 local time (2235 GMT) today to attend the Seventh Rio Group Presidential Summit which will begin tomorrow. It will be attended by 11 Latin American chiefs of state.

In a brief statement to the press Lacalle said: "I bring a special greeting to the Chilean people and government."

The Uruguayan president emphasized the significance of the Rio Group Summit "talks, which acquire special importance at this point in history." [passage omitted]

Venezuelan President Velazquez

PY1510015393 Madrid EFE in Spanish 0024 GMT 15 Oct 93

[Excerpt] Santiago, 14 Oct (EFE)—Upon arriving in Santiago today to attend the Rio Group Summit, which is to begin tomorrow, Venezuelan President Ramon Velazquez emphasized the ties that bind his country to Chile.

In a short speech the Venezuelan president greeted the Chilean people, with whom Venezuela "has had ties of friendship for many years."

He said: "We know the high values of this nation, we know the efforts of its citizens, and we are aware of Chile's admirable contributions to unity among the Latin American countries." [passage omitted]

Paraguayan President on Aid to Cuba, Haitian Situation

PY1410175193 Madrid EFE in Spanish 2334 GMT 13 Oct 93

[Text] Santiago, Chile, 13 Oct (EFE)—Paraguayan Foreign Minister Diogenes Martinez, who expressed support for the supply of international humanitarian aid to Cuba, said today that the critical situation millions of elderly people, children, and pregnant women are experiencing in Cuba "should move the international community."

After his arrival in Santiago, where he will attend the seventh Rio Group summit, Martinez told EFE: "Humanitarian rights should not be curtailed by political issues."

Martinez noted that during the Rio Group foreign ministers meeting held recently in New York at the UN General Assembly, he expressed his concern "over the situation millions of Cubans are experiencing. I have even expressed this concern to the U.S. State Department."

The Paraguayan foreign minister stated that although he is not certain whether the Rio Group summit, which will be held in Santiago this weekend, will achieve a consensus on this issue, he believes "concern" over the Cuban situation will be expressed.

The Rio Group is divided regarding the Cuban issue. There are those upholding a "hard line" headed by Argentina, and those supporting the establishment of a system of dialogue and aid to Cuba, which is experiencing a difficult economic situation because of the blockade.

Commenting on the situation in Haiti, Martinez said: "The course of events is truly regrettable."

The resistance of some Haitian military groups opposed to the return of ousted Haitian President Jean Bertrand Aristide has undermined the agreement supported by the United Nations for the restoration of democracy in Haiti.

Martinez added: "The solution to Haiti's political crisis has become complicated."

He also said Paraguay hopes to win the Rio Group "pro tempore" secretariat for 1996, which means the Rio Group Summit would be in Paraguay in 1996.

The site for the 1994 summit will be Brazil, while in 1995 it will be Ecuador.

Aylwin, Salinas de Gortari View Success of Trade Accord

PY1510011393 Madrid EFE in Spanish 1523 GMT 14 Oct 93

[Text] Santiago, 14 Oct (EFE)—Chilean President Patricio Aylwin and Mexican President Carlos Salinas de Gortari have emphasized the "extraordinary success" of the trade agreement signed by their two countries three [as received] years ago, asserting that it represents a good example of continental integration.

The trade agreement, which was signed in 1991, increased Chilean-Mexican bilateral trade from $54 million in 1991 to more than $320 million in 1993. The estimated total for 1994 is $500 million.

The Mexican president arrived in Santiago on the night of 13 October. He arrived on an official visit and will then attend the Seventh Rio Group Summit. During an official dinner held that same evening, the Chilean and Mexican presidents confirmed their wish to continue to contribute with tangible actions toward Latin American integration.

Salinas de Gortari said: "The Mexican-Chilean free trade agreement has new elements to contribute to the multilateral negotiations and to the political harmony that must reign in the region and in the world."

Aylwin pointed out: "When we call for the opening of markets so that our products can compete on equal terms with others, we are defending our peoples' right to overcome poverty."

Both presidents reported on the establishment of the Chilean-Mexican Binational Committee and announced that its first meeting will be held in Santiago before June 1994.

During the dinner at the Cousino Palace in Santiago, Aylwin praised the affection that binds Chileans and Mexicans and pointed out that in the past few years the two countries have implemented an model of integration "that should be taken as an example." He added that this "portends a new concept for Latin American unity."

Aylwin added: "The progress of democracy, the ousting of populist and authoritarian regimes, and the modernization of the economies in our continent enables us to look to the future with optimism." He thanked Salinas de Gortari for Mexican solidarity with the Chilean democratic process and for sheltering thousands of Chilean exiles.

Salinas de Gortari, who is paying his second official visit to Santiago, expressed his satisfaction for being in Chile once more and pointed out that the two countries want to translate their friendship into more effective cooperation.

Currently, Chile and Mexico have a stronger presence in the international scenario and are now in a better position "to face great political changes and the economic uncertainties of foreign countries," the Mexican president asserted.

He added that the two countries are seeking to reactivate the international economy, "and free trade conditions that will help to eliminate the threats of undesirable closed blocs and of potential trade wars."

Salinas de Gortari concluded by saying that our common effort "seeks to ensure a satisfactory conclusion of the Uruguay Round and the creation of an orderly scheme for more frequent international exchanges."

Chile, Mexico Seek To Join Asia-Pacific Organization

PY1410204993 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 14 Oct 93

[Text] Chile and Mexico have agreed on the advantages of joining, as full members, the Asia-Pacific Economic Cooperation [APEC] organization. Chilean President Patricio Aylwin and his Mexican counterpart Carlos Salinas de Gortari, have held a two-hour meeting at La Moneda.

Although there is tension between Chile and Mexico over a customs issue, Aylwin and Salinas de Gortari today took another step toward consolidating the good bilateral relations that have prevailed for the last few years. These relations were strengthened through the agreement for economic complementation, which was signed in 1991. The two presidents signed a joint declaration today that will implement several agreements in various areas. The declaration also establishes a permanent binational committee to supervise the implementation of the cooperation agreements.

Undoubtedly, the most evident sign of good relations is the two countries' decision not to vie for a place at the APEC. The Asian-Pacific area is deemed the most prosperous in the world.

[Begin Aylwin recording] Both Chile and Mexico want to join APEC, but our two countries are not competing for a place in this organization. We will cooperate to obtain positions. [end recording]

Aylwin asserted that if the U.S. Congress does not approve in January 1994 the North American Free Trade Agreement, which it signed with Canada and Mexico, this will be interpreted as a negative sign to all Latin American countries.

Peru's Fujimori on Lima Convention, Shining Path, Drugs

PY1510022893 Santiago Radio Cooperativa Network in Spanish 2200 GMT 14 Oct 93

[Text] Peruvian President Alberto Fujimori said he is convinced that the Lima Convention, which is under

discussion in his country's Congress, will be eventually approved before the end of Chilean President Patricio Aylwin's term in office.

During a news conference at the Diego Portales building, the Peruvian president confirmed: We hope that the Peruvian Senate Foreign Relations Committee, where the Lima Convention is under discussion, will be making its recommendations any time now, but I believe it will eventually be successfully completed.

Elaborating on the importance of this agreement with Chile, Fujimori added:

[Begin recording, in progress] ...(?and talk) about all these pending issues so as to seek a more effective integration. As a consequence, I believe [words indistinct] beneficial for Peru the fact that we are overcoming the impasse [words indistinct] these treaties and which, as a consequence, prompted a long period of arms races with very negative consequences for Peru's development. I believe that these two concepts have been overcome in Peru. [end recording]

Fujimori trusts that he will win the plebiscite to approve a new constitution, a plebiscite that will soon be held in Peru. He pointed out that the new constitution allows for the reelection of the current head of state, but that he has not yet made any decision on whether he will run for his reelection.

Concerning the Shining Path, Fujimori said that the terrorist group is retreating. He denied that the Shining Path leader, who has been sentenced to life imprisonment, had been drugged to make him write the two letters addressed to him asking him for a truce. Fujimori added that the issue of the letters is not an electoral maneuver, and that the entire Peruvian nation actually wants peace.

Concerning reports on human rights violations in Peru, Fujimori responded that any country that has waged a struggle against terrorism would not have been spared from these violations. He denied, however, that in his opinion this involves the end justifying the means.

Finally, Fujimori admitted that despite all efforts his country has been unable to end drug trafficking, and that this issue would remain pending until at least 1998. Political will is required to resolve this issue, Fujimori concluded. He added that the strategy implemented so far has totally failed.

Venezuelan President Comments on G-3-Caricom Meeting

PA1410231593 Caracas Venezolana de Television Network in Spanish 1550 GMT 13 Oct 93

[Report by Special Correspondent Cecilia Pachano from Port-of-Spain, Trinidad; from "The News" newscast]

[Text] The presidents of Mexico, Colombia, and Venezuela, Carlos Salinas de Gortari, Cesar Gaviria, and Ramon J. Velasquez respectively, met in Trinidad this morning to establish the overall G-3 [Group of Three] position on the geopolitical and strategic importance of the Caribbean to the balanced development of the region.

In addition, the G-3 members plan to meet today with Caricom [Caribbean Common Market] representatives in order to exchange opinions on trade and investments issues, as well as the technical and economic cooperation offered to the three Caribbean nations.

The three presidents expect the meeting will help consolidate a wide-ranging economic region that includes Caricom, Suriname, as well as the G-3 countries which would represent a market of more than 190 million persons.

President Ramon J. Velasquez referred to his presence at the G-3 meeting in Trinidad as the reaffirmation that in Venezuela democracy goes beyond mere election processes and consolidates more with each passing day.

The Venezuelan president arrived in Port-of-Spain at 1700 accompanied by the smallest delegation of this Caricom meeting with the G-3 presidents. The Venezuelan delegation included only three persons; President Ramon J. Velasquez, Foreign Minister Fernando Ochoa Antich, and Minister Miguel Rodriguez Mendoza, minister-president of the Foreign Trade Institute [ICE].

Prior to the arrival of the three heads of state, Caricom Secretary General Edwin Carrington held a news conference where he disclosed that the objective of this first summit, among others, was to establish the Association of Caribbean States that includes a population of over 140 million inhabitants, and records an overall GNP totalling $325 million.

During the same news conference he also explained that this association of countries intends to go beyond economic agreements and establish joint political as well as diplomatic policy guidelines. Carrington highlighted that it is precisely with Venezuela that this integration process is more advanced.

Subsequently, the summit meeting was begun at 2000 with the attendance of the 17 Caricom heads of state, as well as Mexico, Colombia, and Venezuela. During the summit meeting each head of state proceeded to outline their respective expectations and proposals in short 20 minutes addresses.

After giving a historical recount, President Ramon J. Velasquez proceeded to point out the importance of the Caribbean area to Venezuela. The president's address also covered issues related to the evolution of diplomatic and economic relations between this area and Venezuela. Likewise, Velasquez emphasized the importance of the G-3, and Venezuela's complete support for the establishment of the Association of Caribbean States.

[Begin Velasquez recording] The decision to attend this summit does not belong to a single group or a specific

political party, but it is the decision of an entire nation. Everything expressed here in the opinion of the Venezuelan, Colombian, and Mexican experts is, as far as Venezuela is concerned, a national commitment. National elections in Venezuela are less that one month away. The Venezuelan political scenario will be transformed during this political event and a new phase in our country's history will begin with those elections. Nevertheless, regardless of which political party emerges victorious or which candidate reaches the presidency, the decision will remain the same. We plan to continue with this approach to the Caribbean nations and transform the propositions approved here into a path to the future. [end recording]

Regional Summit Issues Communique

FL1410130893 Bridgetown CANA in English 0226 GMT 14 Oct 93

[Text] Port-of-Spain, Trinidad, 13 Oct, CANA—Following is the text of a communique issued here Wednesday night at the end of a historic summit between the leaders of the Caribbean Community (Caricom) and Suriname, and the presidents of Mexico, Colombia, and Venezuela.

"The heads of state and government of the Caribbean Community and the Group of Three and the vice president of Suriname met in Port of Spain in Trinidad and Tobago on 12-13 October, 1993. The heads of state and government in attendance were: the Rt. Hon. Hubert A. Ingraham, prime minister of The Bahamas; the Rt. Hon. Erskine Sandiford, prime minister of Barbados; the Rt. Hon. Manuel Esquivel, prime minister of Belize; H.E. Dr. Cheddi Jagan, president of the Cooperative Republic of Guyana; the Rt. Hon. P.J Patterson, the prime minister of Jamaica; Dr. Rt. Hon. Kennedy Simmonds, the prime minister of St. Kitts and Nevis; the Rt. Hon. John Compton, prime minister of St. Lucia; the Rt. Hon. James Mitchell, the prime minister of St. Vincent and the Grenadines; Hon. Patrick Manning, prime minister of Trinidad and Tobago; H.E. Cesar Gaviria Trujillo, president of the Republic of Colombia; and H.E. Carlos Salinas de Gortari, president of the United States of Mexico.

H.E. Ramon J. Velasquez, president of the Republic of Venezuela; Dr. Jules Rattankoemar Ajodha, vice president of Suriname; Hon. Lester Bird, minister of external affairs and economic planning, Antigua and Barbuda; and Hon. Joan Purcell, minister of Communications and Works, Grenada, represented their respective countries. Also in attendance was Hon. Ralph O'Neil, deputy chief minister of the British Virgin Islands. They agreed to issue the following communique:

Heads of state and government of the Caribbean Community and the Group of Three and the vice president of Suriname recognised the historical significance of this summit meeting as a positive development in the process of increasing political consensus, which is developing in Latin America and the Caribbean. They reaffirmed their commitment to the ideals of peace, freedom, and democracy and agreed that through solidarity and coordinated action, they could contribute to the solution of the problems facing the region. The presidents of the Group of Three and the vice president of Suriname applauded the twentieth anniversary of the Treaty of Chaguaramas establishing the Caribbean Community and drew attention to the significance of this achievement as providing powerful evidence of the strength and dynamism of the regional integration process.

The parties agreed on the need to strengthen cooperation as an instrument for the promotion of economic and social development for mutual benefit. They reaffirmed their decision to foster cooperation programmes in tourism, transport, and communications, agricultural diversification, the fight against the illicit traffic in drugs and psychotropic substances, disaster prevention of the environment, the promotion of culture, and the development of small and medium sized enterprises.

The heads of state and government of the Caribbean Community and the Group of Three and the vice president of Suriname agreed on the importance of active involvement by the private sector in economic cooperation, promotion of trade and investment in the region, and expansion of business opportunities. They expressed their satisfaction with respect to the forthcoming meeting of entrepreneurs from their respective countries, which is scheduled to take place by the second half of 1994 and which will be sponsored by the Andean Development Corporation and the Caribbean Development Bank. They stated their willingness to make every effort to achieve sustainable increase in trade, making it more stable and balanced, in acordance with the interests of their countries. They expressed a commitment to the establishment of a wider economic space among the countries of the Caribbean Community, Suriname, and the Group of Three.

The parties underlined the importance of the agreement on trade and investment between Caricom and Venezuela signed in October 1992, which constitutes a valuable mechanism for increasing the process of regional integration and which will make possible a substantial increase in intra-regional trade.

On the question of international trade, they stressed the importance of an early and successful conclusion of the Uraquay round of multilateral trade negotiations within the GATT in a manner that will contribute to the harmonious development of world trade and consequently, to the economic growth and social progress of the region. They also recognised that the future of the economies of the countries of Latin America and the Caribbean will depend significantly as much on the success with which they can diversify and modernise as on the behaviour of the global market. The parties discussed the issue of bananas and agreed that their interests were not irreconcilable. The heads of state of the G-3 countries recognised the importance of the treaty

obligations for the Caribbean countries including Suriname under the Lome Convention, but also expressed the view that their own special concerns should be addressed. The two sides agreed to discuss the banana issue at a special ministerial meeting with the objective of finding mutually acceptable solutions. They also agreed to work at all levels and in every relevant forum towards a solution that takes into account the interest of all parties concerned.

The parties agreed that the entry into force of NAFTA could generate opportunities for the Caribbean countries. They also agreed that its implementation must take into account the concerns and special position of the small developing countries of the region.

The heads of government of the Caribbean Community and the vice president of Suriname took note of the firm intention of the Group of Three to establish a free trade area. They acknowledged that it will not only generate benefits for the Group of Three members, but should also provide opportunities for expanded trade with the Caribbean Community and Suriname.

The parties expressed their conviction that the solution of development problems needed to be accorded the highest priority on the hemispheric agenda. They emphasised that every opportunity should be taken to advance this objective. In this context, they agreed that the special session of the genaral assembly of the Organisation of American States on inter-American cooperation for development, to be held in Mexico in the first quarter of 1994, constitutes an early opportunity to initiate a concerted process in the search for strategies and programmes to promote sustainable economic growth and social development in Latin America and the Caribbean. Recognising that external debt poses a major constratint to development in the hemisphere, they committed themselves to continue and enhance the co-ordination of their efforts in the multilateral financial institutions and in other appropriate fora to address this problem. The presidents of Colombia, Mexico, and Venezuela and the vice president of Suriname expressed their support for the initiative taken by the heads of government of Caricom towards the establishment of an association of Caribbean states and confirmed their willingness to participate as full members in such an association. They agreed on the importance of this initiative, taken by the heads of government of the Caribbean Community, which will contribute to the process of economic integration and cooperation among all the developing countries and territories of the Caribbean basin.

The heads of state and government agreed to further consultations leading to the early sinagture of the constituent agreement of this association. The parties recognised that the establishment of the Association of Caribbean states will provide a permanent forum for dialogue as well as consolidate an enlarged economic space with a market of more than 190 million inhabitants and a gross national product (GNP) greater than U.S.500 billion.

The heads of state and government of the Caribbean Community and the Group of Three and the vice president of Suriname acknowleged the efforts of the Caribbean Development Bank to foster social and economic development in the region. The heads of government of the Caribbean Community underlined the valuable participation of Colombia, Mexico, and Venezuela as regional non-borrowing members of the bank in support of the programmes and projects of the Caribbean nations.

The parties reaffirmed their political commitment to the outcome of the United Nations Conference on Environment and Development and in particular, to its programme of action known as Agenda 21 and the Rio Declaration on Environment and Development.

They expressed their satisfaction with the results of the first session of the Commission on Sustainable Development at which the international community took the first step towards the implementation of Agenda 21.

The heads of state and government of the Caribbean Community and the Group of Three and the vice president of Suriname, considering that the Caribbean Sea contains a number of small island states and territories, the sustainable development of which will be a critical factor in the overall development of the region, agreed to participate actively in the United Nations Global Conference on the sustainable development of small island developing states, to be held in Barbados in 1994, and in the follow-up to that conference as it relates to the Caribbean.

The presidents of the countries of the Group of Three expressed their intention to develop cooperation projects in the context of the Bolivar Programme for Regional Technological Integration, Innovation, and Industrial Competitiveness. They urged the heads of government of the Caribbean Community and the vice president of Suriname to promote the early establishment of national commissions and mechanisms which would guarantee the effective participation of their countries in the programme.

The parties reaffirmed their commitment to enhancing cultural links, both at the bilateral and multilateral levels, as well as in the context of the meetings of ministers of culture of Latin America and the Caribbean. They agreed on the importance of Carifesta as a vehicle for intensifying cultural exchanges among the peoples of the Caribbean basin. The vice president of Suriname welcomed the hosting by the government of Trinidad and Tobago of Carifesta VI in 1995 and also the invitation extended by the Caribbean Community to all other Caribbean basin countries to participate in that and future Carifestas.

The parties recognised the necessity of pursuing effective social policies as a support to the sustainable development of their societies. They emphasised the importance of enhancing the delivery of social services in areas such as education and health. They recognised the need to foster links among the different social sectors and to strengthen the relevant social institutions at both national and regional levels.

The heads of state and government of the Caribbean Community and the Group of Three and the vice president of Suriname also agreed to exhange experiences and to implement joint programmes. In this regard, the heads of government of the Caribbean Community and the vice president of Suriname expressed their support for the convening of a seminar with the support of the Organisation of American States (OAS) to explore means of optimising the utilisation of public sector resources in the social field.

Conscious that drug-trafficking constitues a threat to democracy and to the highest values of our society and that the fight against this scourge will call for the joint efforts of the international Community, the heads of state and government of the Caribbean Community and the Group of Three and the vice president of Suriname decided to develop closer relations through the signing of joint agreements, the coordination of activities among police authorities and security agents, the exchange of information and intelligence, the training of personnel engaged in the fight and prevention of the scourge of drug trafficking, money laundering, and the misuse of chemical precursors. This joint effort reaffirms the rejection by their governments of this illicit activity against which they have directed their economic and political efforts at the bilateral as well as Community level.

They agreed on the need to attain the full entry into force of the regime prohibiting the proliferation of nuclear weapons in Latin America and the Caribbean, as established in the Treaty of Tlatelolco which represents a major step towards the consolidation of peace and security. [words indistinct]

The heads of state and government of the Caribbean Community and the Group of Three and the vice president of Suriname reaffirmed their commitment to foster intergration among the countries of the region, in particular with those of Central America, as an important element for the promotion of the socioeconomic development of their peoples.

The parties noted the ongoing proces of the reintegration of cuba into the economic and political relations of Latin America and the Caribbean and agreed on the importance of deepening dialogue and cooperation with that nation.

The parties agreed to issue a declaration on Haiti. They expressed their satisafaction with the signing of the action plan for cooperation among the Caribbean Community and the Group of Three which constitutes a framework for cooperation for mutual benefit.

They highlighted the excellent atmosphere of friendship in which their discussions took place and undertook to initiate immediately all actions for the implementation of the agreements reached. The heads of state and government agreed to maintain their dialogue and, in this context, to convene summit meetings on a regular basis. The heads of state and government of the Caribbean Community and the Group of Three and the vice president of Suriname expressed their thanks to the government and people of Trinidad and Tobago for their generous hospitality."

Cuba

Aristide Opponents' Threat of 31 Oct Massacre Noted

FL1410160393 Havana Radio Reloj Network in Spanish 1517 GMT 14 Oct 93

[Text] Forces opposed to ousted Haitian President Jean-Bertrand Aristide have said that they will massacre Aristide's followers on 31 October, the day after his scheduled return to Haiti.

On 13 October, the UN Security Council unanimously agreed to reinstate severe sanctions against the Haitian authorities and set an 18 October deadline. However, the de facto Haitian regime once again finds itself at a deadend, facing the United Nations decision to reinstate sanctions if it continues to oppose the return of a constitutional government in Haiti. In the last five weeks the so-called attaches, or Haitian police auxiliaries, have taken control of Port-au-Prince's streets and unleashed a violent campaign of homicide, kidnapping, and attempts to murder Aristide sympathizers.

Court Sentences Murderer to Death by Firing Squad

FL1410202593 Havana Radio Rebelde Network in Spanish 1800 GMT 14 Oct 93

[Text] The Provincial People's Court of Villa Clara has sentenced citizen Jose Ariel Machado Rojas to death by firing squad for the murder of 17-year-old Yasser Roberto Jimenez Artiles in the early hours of 27 August near Vidal Park in Santa Clara. Another five criminals, whose ages range from 18 to 25 years, were given exemplary sentences in case No. 730 of 1993 for the crimes of murder, strongarm robbery, harassment, illegal possession of weapons and explosives, and disturbing the peace. Emiliano Lara Perez was given a sentence of 30 years imprisonment; Alexandor [as heard] Sauquet Peralta and Antonio Jose Valdez received 25-year sentences; Armando Martinez Jose was given 20 years; and Rey Victor Jose Valdez received a 10-year sentence.

Villa Clara's Provincial Court ruled that guilt was proven, and stressed the menace represented by all of the accused. This group would provoke fights in order to steal bicycles. The leader of the group was 23-year-old Jose Ariel Machado Rojas, who was sentenced to death for knifing 17-year-old Yasser. The accused have two days to submit cassation and appeal requests.

* Crime Rate Requires Efficient Police Force

93CA0208A Havana JUVENTUD REBELDE in Spanish 29 Aug 93 p 4

[Commentary by Soledad Cruz]

[Text] Although I am guilty of the sin of anger and at times have a hard time controlling it, I believe in peaceful solutions to the worst of conflicts and I am convinced that mankind will achieve the harmony we long for only by fostering a culture of tolerance, which is what the diverse world that we live in demands.

I have begun by asserting my devotion to peace so as to avoid misunderstandings when I issue my call for combativeness as a way to put a timely end to current manifestations in our society against the civic security that we have enjoyed all these years.

It has often been correctly said, and I wish to reaffirm this, that economic crises create favorable conditions under which the weakest elements, the ones that lack a strong moral base for overcoming adversity, can try to establish vandalism as a form of behavior in society.

The special period, with its shortages, its hardships, its long hours of nighttime blackouts, and the wear and tear that all this brings, is being taken advantage of by elements that lack the most elementary public spirit. Moreover, they are receiving irresponsible encouragement from the enemy's radio stations to commit all sorts of acts of vandalism that, far from representing political opposition, are typical of the conduct of common criminals.

As has been reported, the law has been enforced against attacks on urban buses, robberies of bicycles, robberies of homes, and assaults on people in public thoroughfares to rob clothing and jewelry, while the citizenry has become increasingly worried about the gratuitously violent behavior of people who want to impose the law of the jungle in lines, public festivities, and all kinds of social events.

We are all worried, but none of us is doing anything about it, and as Hamlet would say, that is the question that we must address in its totality. I am strongly convinced that the tranquillity in which we have lived all these years has been a collective triumph, as has been each of the gains that we have made over these 34 years.

Our experience in preventing and battling crime has become an international example, inasmuch as nowhere does a police force suffice to ensure security, especially in societies where conditions are worse than in our own and where the police is merely a repressive body that lacks the political meaning that ours has had since 1959.

This is another extremely important facet of the issue that we need to analyze. Frightened by memories of what the police was like in the past, particularly under Batista, we Cubans have created the noblest police force in the world, and in this regard we have made a regrettable mistake because we have detracted from the authority of a body that society itself establishes to protect us all.

Many speak quite superficially of our police force's ineffectiveness, ignoring the huge limitations on the performance of its duties. These limitations stem both from its underlying philosophy, which is based more on persuasion than repression, and from the mistaken sense

of justice that is often reflected in the weak support that it is given when it is discharging the functions for which it exists.

I have witnessed incidents that illustrate our attitudes in this regard. When our homes are robbed, when someone holds us up in the street, we want the police to take drastic action, to do away with the person who has harmed us. But when a criminal starts behaving uncooperatively and has to be handcuffed or puts up resistance and force has to be used, as a rule we do not help the police or we feel sorry for the guy, who may be the one who robs our home or holds us up tomorrow.

I have received letters complaining about the police, and of course I have acted on them and received answers. Some have complained that during a major disturbance they were shoved by a policeman, as if during such a riot, where irrationality reigns, someone could distinguish between the guilty and the innocent. I have also received complaints about policemen who were proved to have committed excesses and have been punished; this is understandable inasmuch as the police force is made up not of extraterrestrials but of Cubans who have vices and virtues like everyone else and, in recent years, of very young people who have had to learn the ropes on the job.

So then, in my opinion there are two aspects of social indiscipline and its connection with criminal conduct that have to do with society. One is support from all for the work of the police, and the other is the realization that the police cannot set aside its coercive nature because in that case it is not effective.

More than a few people will be alarmed by this assertion, fearing excesses and abuses, and will point to human rights. And our enemies will try to take advantage of the issue, as they do with everything. But if we want to prevent the spread of vandalism, if we want to safeguard our civic tranquillity and security, we must take up these collective responsibilities. To revolutionaries this is an inescapable duty, as were the Bay of Pigs, the struggle against bandits, and all of those moments in the epic that we are living.

We cannot call ourselves revolutionaries or hope that life will improve unless we are willing to fight for what we have achieved. The fact that our economic structures may change and that we are suffering harsh setbacks at present does not mean that we ought to abandon our just ideals, much less leave the field open for criminals. What we need to show is courage, not swagger.

Havana Youth Participating in Police School Course

FL1410184993 Havana Radio Reloj Network in Spanish 1403 GMT 14 Oct 93

[Text] Hundreds of youths throughout Cuba, in response to the needs of the Revolution, are working in the public order sector after completing the basic course in the Pedro Ortiz National Revolutionary Police [PNR] School in Havana. The majority of these youths, ranging in age between 17 and 20 years and having completed 12th grade, are working as public order agents in Havana to contribute toward keeping public peace and preserving the accomplishments of the Revolution.

Approximately 100 Havana youths are scheduled to participate in the fourth basic course in the Pedro Ortiz PNR School following a swearing in where they pledged to work for five years in the police in lieu of military service. Approximately 4,000 comrades have graduated from the three previous courses and are now working in Havana.

Dance Group Explains Reason for Staying in Spain

FL1410184793 Havana Radio Reloj Network in Spanish 1721 GMT 14 Oct 93

[Text] In Madrid, the members of the dance troupe of Havana's Grand Theater have refuted newspaper stories regarding their reasons to remain in Spain in the forthcoming months. The group will extend until 31 December its performances in several Spanish cities. A document signed by the 16 members of the dance group was issued early today to the main Cuban news agencies. The document stresses that their stay in Spain follows artistic considerations. The dancers described as biased manipulation the news published yesterday by several Madrid newspapers which the dancers and the company's promoting enterprise immediately refuted. The dancers added that the only reason for their stay in Spain is the demand and possibility of artistic development.

Air Traffic Agreement Signed With France

FL1410142593 Havana Cuba Vision Network in Spanish 2320 GMT 13 Oct 93

[Text] Cuba and France today signed an agreement that will regulate air traffic between the two countries and the operation of both Cubana de Aviacion and the (AOM) airline.

The bilateral agreement will provide governmental legal support to the air traffic already occurring between the two countries. Jetliners of Cubana de Aviacion and (AOM) make weekly flights between Havana and Paris, carrying nearly 3,000 passengers a month.

Division General Rogelio Acevedo, president of the Cuban Civil Aeronautics Institute, and French Ambassador Jean Raphael Dufour signed the agreement at the Cuban Foreign Ministry. Both sides stated that the agreement will be instrumental in consolidating the ties of friendship and cooperation existing between Cuba and France, as well as in paving the way for exchange between our peoples.

Cuban Deputy Addresses Colombian Senate

FL1410144993 Havana Radio Progreso Network in Spanish 1200 GMT 14 Oct 93

[Text] It is reported from Bogota that the Colombian Senate, meeting in plenary session, momentarily suspended an important meeting in order to receive a Cuban delegation from the National Assembly of the People's Government [ANPP] headed by the vice president of the Foreign Relations Committee, Lazaro Barredo.

The Senate plenum postponed its meeting during which the draft social security law was being debated—a meeting at which five ministers were present—in order to receive, and listen to, the Cuban deputy.

Barredo conveyed a greeting from the Cuban legislature, expressed the need to strengthen bilateral ties and ties at the parliamentary level, and invited a delegation from the Senate to visit Havana to continue the exchanges between the two legislatures. The visitor was given a hearty ovation, unusual in that forum.

Lazaro Barredo was also received by the Foreign Relations Committee, before which he explained Cuba's situation, the status of the blockade, and the aggression to which Cuba is subjected.

Colombian parliamentarian (Rafael Camargo) said that all deputies should publically formulate similar statements and condemn the blockade imposed on Cuba by the United States.

The day before, Barredo and the Cuban consul general in Colombia, (Omar Morales), met with the president of the Chamber of Representatives, (Francisco Jatin), who accepted an invitation to visit Cuba at an early date.

Chamber of Commerce President Cited on Foreign Investments

PA1510045193 Mexico City NOTIMEX in Spanish 0910 GMT 14 Oct 93

[Text] Mexico City, 14 Oct (NOTIMEX)—Foreign investments in Cuba have increased as a result of recent changes in Cuban laws promoted by President Fidel Castro, which offer enough guarantees, Carlos Martinez, president of the Cuban Chamber of Commerce has said.

The number of foreign firms on the island has increased from 107 in 1987 to 481 in 1993 "because given the changes that began in 1989 in European socialist bloc countries, the Cuban Government began promoting commercial diversification," he explained.

At a news conference he recalled that in 1989, 85 percent of Cuba's trade was with socialist bloc countries, and only the remaining 15 percent was with capitalist nations. Now, "the situation has reversed to 100 percent trade with free trade countries," he added. He noted that in order to promote trade exchange, the Cuban Government has organized the Cuba 93 International Fair, which will take place in Havana from 31 October to 7 November.

With regard to Cuba's relations with Mexico, Martinez said there are currently 13 Mexican firms operating in Mexico and that the situation will not change with the implementation of the North American Free Trade Agreement (NAFTA). He added that there is still a large bilateral market available, which is why Mexico was chosen for his first trip abroad as president of the Cuban Chamber of Commerce. Trade relations, as well as the cultural and friendly ties between Cuba and Mexico have not deteriorated, he said, adding that "we have always received Mexico's support," a situation that will not change with NAFTA.

Investors Include Mexico, Venezuela, Colombia, Brazil

FL1510020593 Havana Cuba Vision Network in Spanish 2320 GMT 14 Oct 93

[Text] In Mexico, Comrade Carlos Marinez Salsamendi, president of the Cuban Chamber of Commerce, stated that approximately 40 countries will participate in the Havana International Fair, which will be held from 31 October through 7 November. In a news conference held to promote the event, Martinez Salsamendi underscored that 32 Mexican firms would be attending, as well as a business delegation from that country, which will travel to Cuba to evaluate possible business transactions with the island.

Mexico is the fourth Latin American nation to make investments in Cuba. It follows Brazil, Venezuela, and Colombia. Approximately 400 foreign corporations are currently represented in Cuba.

* Daily Hardships, Hunger Detailed

93CA0208C Caracas BOHEMIA in Spanish 23 Aug 93 pp 5-9

[Article by Manuel Pio Rodriguez]

[Text] I arrived in Havana with the intention of seeing for myself that the propaganda against Cuba and its political regime was a lie, that the failure of socialism in the land of hope for the world's proletariat after the fall of the Soviet Union was a fallacy. But I could hardly believe my eyes no sooner had I set foot in the airport. People crowded together along the road waiting for public transport that never comes or running after trucks for a ride; children in rags asking for gum or candy; girls, young women, and older women wandering around the tourist bus to see whether from one of its windows seasoned travelers would bargain for sexual favors with them. I cried inwardly under the blazing sun when I saw for myself, on location, without pressure or propaganda, that socialism in Cuba had not solved anything after 33 years of Revolution.

As I gazed at the ramshackle city that was coming into view, I wondered whether all of the effort had been worthwhile, whether so many years of struggle and sacrifice could turn out to be nothing more than a little sugar cube diluted in the worst of waters...Why were these people who used to be so proud of their destiny, of their place in history, now wandering seminaked under the arcades of what used to be the Marvel of the Caribbean or the Artistic Patrimony of Mankind? Why weren't the children walking around looking neat, clean, and well-groomed, as I had so often seen them in feature articles and on news programs? Why was the proud mulatto woman with striking hips now pouring herself into spandex tights in an avid search for foreigners? People are hungry, a Venezuelan tourist beside me said. Well, of course, the boycott, I thought and told him. He looked back at me, as if to say that perhaps that was once the reason but that he thought it was something much deeper than the simple and very harsh fact of having the Americans as your enemy.

No Food

I want to begin this article with the problem of food, of hunger. There is hunger in Cuba today. Anyone who says otherwise has not come here with his eyes open but rather with the desire to have a good time. I took this trip, as I have already explained, in order to see the facts with my own eyes, and I have always regarded myself as pro-Castro. And the fact is that people are hungry, not just a few people, not just the underprivileged or the jobless, but everyone. There is nothing to eat. It is that simple. There is rationing, but even so you cannot go to the store with your booklet because they will not sell you anything there. When any meat arrives, it is for infants and children from birth to age six. So is milk, and rice, which is now down to one kilo per person a month, or eggs, four per person per month, beans, peas, chicken, etc...But only where there is any. Rationing used to allow Cubans to wait in endless lines for food. Today there is nothing to put in one's mouth.

One example: A young nurse who works from eight to two does not eat at the clinic, as she used to when she worked from eight to four, because the government no longer feeds the workers. When I met her, this young women had had a cup of coffee and half a guava...at noon she ate the other half. The next day, another cup of coffee and two bananas....

The physicians on call at hospitals, who are the pride of the regime, are given the same thing as operating room nurses: a plate of rice with hard, round peas cooked in water without coloring or flavoring. This is the meal given to the most highly skilled professionals...Those further down the scale, the ones who are not on call (I have already noted that both school and work cafeterias have been abolished), have to scrounge up a meal in the streets. And such conditions lead to one thing alone: prostitution.

A Painful Reality

As people lounge around the doors to their homes, under arcades, bored, anguished over not being able to feed their children, there is one undeniable, cruel fact: Cuba does not grow food.

The single-crop agriculture of sugar no longer means favorable trade with Cuba's Soviet friends. Now that Lenin's creation has been dismembered, now that the Paradise of the Proletariat is gone, only the Chinese regime is lending a helping hand in the form of bicycles. The oil is gone, at least as it was provided under the former advantageous conditions. The shipments of rice, corn, meat, etc., have ended, and today Cuba and Cubans are waiting for a handout from the wealthy countries.

Why a handout? After 33 years of Revolution, now that Soviet aid has ended, there is nothing left. There was no industrial planning. Hardly any factories were built, and the ones that were do not work. There was no strategy for multicrop agriculture; they relied solely on sugarcane, and as we have seen throughout the Caribbean, single-crop farming, whether sugarcane or bananas, always fails. Cuba belongs to a depressed economic zone (just look around it), and the idea of socialism, of striking a balance so that everyone is treated fairly instead of the strong stepping all over the weak, was justified. But today, 33 years later, everyone is going hungry in Cuba.

Many, not ju[illegible]a few, are hungry, as in El Salvador, Honduras, Jamaica, Nicaragua, Costa Rica, Puerto Rico, or the Dominican Republic, where the wealthy eat and the poor starve, but if a poor person can get his hands on some money, he can go to the store and buy something. This is not true in Cuba today. There is nothing in the stores there. There is no longer even revolution among young people.

Education and Health Care

We cannot ignore what is still true: A person can still go to school in Cuba, but fewer young people are doing so now that food assistance is gone. In fact, all young people are obliged to attend school. Cubans are well-educated, all set to join a multifaceted society.

The University of Havana is full of men and women who aspire to a better life than they now lead.

These future professionals, whose financial ceiling is 400 pesos a month, some $4 by the real exchange rate, not the Cuban Government's make-believe rate, want for themselves and their families a society that allows them to live without being terrified that they will have nothing to eat tomorrow, after they have battled today to get two cups of rice or four eggs on the black market. As one physician told me, their brains, their hard work, what they do every day for their patients, should mean that when they get back home, they deserve not to have to worry about their supper. It ought to be on the table or in the refrigerator, waiting to be cooked. Today they have nothing.

Cubans have free college education and health care. That cannot be denied, and the same goes for housing. But it is all nothing but a sad tale when you have no food to put in your mouth.

I visited the home of an average Cuban family. He belongs to the Communist Party and is a military veteran; she was an outstanding secretary for a senior member of the government and also belongs to the Communist Party. I brought food, cans of sausage, tuna, pasta, powdered milk, etc. They had something to eat that day, after going hungry for two, especially the wife, who is getting on in years and can no longer fight in the street for the little food that goes on sale.

Under such adverse conditions, who wants to study or work? Very few people go to their government jobs today.

Since there are no cafeterias at work, as I have already written, the workday has been cut by two hours. People prefer to hustle in the streets, bartering things, filling in holes, working for others, or perhaps arranging for some brave soul in the interior of the country to secretly send them some food. Or maybe they have family overseas and from time to time get their hands on dollars, which they can exchange for food, or ask a tourist to buy them something at the "diplomatic" stores, as they are known in Cuba.

No Water or Electricity

If going hungry is painful, life becomes even worse when there is no electricity or water. Havana has water for one hour a day. The lights go out intermittently, for hours on end. I saw men playing dominoes in the dark; I saw people sitting on sidewalks by the Esplanade staring at the moon, whiling away the hours before going to bed, until they no longer felt the effects of the coffee that is still available with very few restrictions and that has helped Cubans to avoid losing all hope. It is like coca leaves for Bolivians. Cuban coffee is pure caffeine and keeps you awake, energized, waiting for something to fall from heaven.

Prostitution

Today Cuba has inadvertently become a haven for prostitution. It is as bad as Thailand, for example, but with the disadvantage that Cubans, whether men or women, cannot use their earnings to buy anything in stores because there is nothing to buy.

From the airport to the doors of hotels, men, women, and children are selling whatever they can. Near the Esplanade a girl of barely 13 offered me her body, sauntering by me like a model, showing off her scrawny frame so that I could see that she was "real hot stuff; I'm small but very saucy," she told me. I gave her a pair of shoes, and she promised to bring me her aunt, who really was hot stuff. There are women who approach you just so that you will give them something, invite them to dinner, and leave them a keepsake. There are already professionals, like the so-called "jineteras," women who are on the make in hotels for tourists, but in exchange for dollars. There are also "jineteros," who are there to satisfy homosexual male tourists or European females looking for dark-skinned men. There are pimps as well, hustling business in hotel lobbies. Enough people are hungry, I would say, to make Havana, and Cuba in general, one big bedroom in which to find easy, young sex of a different color.

Where is this people's dignity? asked my very young escort, a rare bird on the market, an expert guide who loves Havana more than anyone. She explained to me that no one is uneducated, that the littlest children go to school, that most people have gone to college, that everyone has a high-school degree, and that culture imparts a sense of dignity. Where has it gone? she asked again as we were besieged by people selling all sorts of things, from cigars of every brand to PPG, an experimental Cuban drug that is said to be very good for cholesterol and...anything else.

People in the street sell whatever they can, even their soul if they have to, to eat, not to escape, because real Cubans, both young and old, do not dream of heading off to Miami to get rich, even if by trafficking in cocaine. No. What they want is to live a decent life and to have food to eat every day. That is all.

[Box, p 9]

Resisting Unto Death....

In his repeated addresses to the people, which fewer and fewer people listen to and agree with, Fidel calls for resistance. The official propaganda is: "Socialism or death," "Resist unto death," "Cuba Yes," "For Cuba," etc. Don't Cubans have rights too?

We are seeing the dilemma of communism: the State above the individual. What Cuba, like the rest of the world, needs today is a more just, equitable, and balanced society, but one with sovereign respect for the individual, its primary component. People are starving to death in Cuba. So then, I ask myself, what sort of government is there today on the island, after 33 years of Revolution, that thinks that resisting, rather than throwing in the sponge to capitalism and the harsh U.S. boycott, is better than eating? Who could ever think of such nonsense? Any political philosophy is good if it benefits the people. Otherwise, it is of no use.

Although the boycott is a crime against the Cuban people, it is not the country's only problem. It is not, because Cuba, which is free now, would be incapable of surviving on its own. The following is a proven fact: they endured, worse off than better off, but with much pride, as long as the Soviets sent them all sorts of aid. Today, without a boycott but without Soviets, survival would depend on external assistance, international compassion, not production, trade, international barter: I have this and I'll swap it for that. As the country now stands,

without electricity, water, or public transport, with foreign companies making domestic flights on behalf of Cubana de Aviacion, with tourists who do not know where to go to escape the annoying yet heart-rending demands of a people oppressed both materially and socially, I can say that in these 33 years Cuba never considered how it would survive without the Soviet Union. Mother would live forever, as is the belief of many older children who still live off their self-sacrificing families without contributing anything to the household. Cuba has received aid galore from international communism. Today it has nothing, nothing to give in trade to the countries that want to export to it. Its sugar, rum, zinc, and nickel are in extremely short supply.

During the 33 years of revolution the country should have thought about the future, when the world would be the same or altogether different, not just about utopia. The Revolution has not even been able to build a multiracial society: "Blacks smell bad," say the mulattos.

Resist unto death...by starvation?

* Solutions Sought to Labor Force Instability

93CA0208B Havana TRABAJADORES in Spanish 30 Aug 93 p 4

[Article by Eloy Concepcion]

[Text] One of the major problems facing Cuba's sugar industry is the instability of its labor force.

I recently toured the Camilo Cienfuegos Industrial Automation Center (CAI) and saw how ideas are being applied, plans are being implemented, and novel approaches are being taken to tackle the problem in the immediate future, bearing in mind present and future competition from other sectors, including those connected with tourism.

With a shortage of some 250 workers in industry and 600 in cane growing, the "Camilo" CAI is at a critical juncture today because of low productivity, absenteeism, and poor production quality.

Competition is fierce when we take into account the jobs that pay better, the money in circulation that discourages work, and—why not come out and say it—the attitudes and laws that are also work disincentives rather than incentives.

Nevertheless, Angel Lopez Suarez, the director of the CAI, cites figures and gives us explanations that go beyond a mere justification for a very complex problem.

Although there is a shortage of 900 workers in industry and in agriculture, the "apparatus" of the CAI has some 2,000 workers (out of a total of 3,685) who belong to what could be called the nonproducing force.

Hence, one-fourth of the cost of production is attributable to this management and administrative "apparatus."

Suarez tells me of the plans that they have undertaken to begin establishing a stable workforce: a wide-ranging program to build low-cost homes on farms and plots, and the imminent completion of the first offices and living quarters alongside the sugar mill.

The program calls for linking wages to attendance and work quality, as well as efficient services for the workers, including the sale of foodstuffs and industrial goods for them and their families.

This sugar mill has the potential to eventually obtain yields above 88 and to return to the levels of such recent years as 1985, when the yield was 92,000 arrobas [1 arroba = 25 pounds] per caballeria [1 caballeria = 33.2 acres].

The decline has been enormous, with yields far below what they could be, 44,000 arrobas per caballeria, that is to say, less than half of what they were eight years ago.

Key posts in the industry, such as the centrifuge, the tandem, the dump truck, mills, the liquid sugar-cane clarifier, sugar pans, and the froth filters, to mention only a few where the work force has been unstable, have adversely affected industrial yields.

This situation cannot continue in the sector that still is and will for a long time remain the country's main source of foreign exchange.

The same holds for cane growing.

The Homes

Juan Carlos Martinez, the assistant director of construction, accompanied us on a tour of what has been accomplished in less than three months.

The workers who are building the homes in which they are going to live in Loma de Travieso, Rio Blanco, Loteria 10 at the sugar mill's new living quarters, are really enthusiastic once again.

Juan Carlos explained to me that 130 units are already under construction, 26 of which are now being completed at the mill.

But, he noted, the program will continue this year and next. Housing is the number one problem in consolidating the workforce.

We spoke about consumption by producer, and the director of the CAI announced and pledged that in March 1994 they would be self-sufficient in fats, grains, tubers, and vegetables.

What is most important, he clarified, is to be able to sell to families, not just to have model mess halls and to offer good food.

The mill already has a store that offers workers a number of items which are in short supply in the commercial network and that will gradually expand into industrial goods that the workers need and that local shops do not produce.

Final Considerations

I do not hesitate to describe as a feat what Juan Carlos Martinez and his builders have accomplished with the housing units at the mill and on the farms, even amid serious difficulties with materials, which they have scraped together from here and there. It shows what people can do and that we do indeed have answers to our present-day problems.

Moreover, the novel and intelligent program that CAI director Angel Lopez outlined to us tackles the problem of workforce stability in every possible way without violating principles.

The fact is that we are living in interesting times in which human intelligence is being put to the test, and the managers of the Camilo Cienfuegos CAI have been able to arouse all of the enthusiasm of which the workers are capable to move forward even faster today than when there were enough resources.

I know that Camilo Cienfuegos is not the only example in the country. The sugar industry has a major challenge ahead of it during the next harvest: achieve a high yield and have cane to grind, at least 20,000 arrobas per caballeria more than in the previous harvest.

But the path towards achieving these goals begins with concern for the workers and the simplification of structures.

Camilo Cienfuegos has done the former and is focusing on the latter with its feet firmly on the ground.

Politburo Members Attend Havana UBPC Ceremony

FL1510025493 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 15 Oct 93

[Text] Today's creation of Basic Cooperative Production Unit [UBPC] No. 1125 in Havana guarantees the creation of 75 percent of the UBPC's to be formed in the country. This unit, the third to be created in San Nicolas de Bari for sugarcane production, will be responsible for 109 caballerias. It should average 56,000 arrobas per caballeria this year, which exceeds last year's average. Members of this cooperative nominated and approved Nado Morlaes as their president and named the cooperative after the municipality's martyr, Jose Vazquez Martinez.

What used to be the (Pedrin Troya) farm, along with all its technical and financial means, will now be property of these men, who should make them produce as efficiently as possible. It is about historic responsibility because in addition to producing, they must perfect and adjust final details to make the new system the ideal base for an imperative, very much needed increase [salto] in the economy.

[Begin recording] [Politburo member Carlos Lage, identified by caption] There is no doubt that the solution to our current problems greatly depends on our recovery in sugar production. Without this recovery and without increasing the production of sugar, we will not be able to overcome the problems of the special period. Through the sugarcane recovery and an increase in sugar production, we will find a solution to the special period's problems. [end recording]

Politburo members Nelson Torres and Candido Palmero accompanied Carlos Lage during the ceremony.

These cooperatives face a difficult task, but they have the enthusiasm to attain the expected results.

Mexican Newspaper Cited on Robaina's Talks With Exiles

FL1510023693 Havana Radio Rebelde Network in Spanish 0000 GMT 15 Oct 93

[Report by Juan Carlos Roque Garcia from Mexico City—live]

[Text] I would like to report that the newspaper LA JORNADA today carries a commentary on a meeting held by Cuban Foreign Minister Roberto Robaina with a group of 150 Cuban exiles residing in Florida, Mississipi, New Jersey, New Mexico, and with representatives of several U.S. organizations, for the purpose of strengthening the Cuban Government's ties with the Cuban community residing abroad.

Robaina revealed at the meeting that, in the face of the UN insistence on sending a human rights rapporteur to Cuba, the Cuban Government is considering a list of 15 to 20 Nobel Peace Prize winners, to come and see for themselves how fundamental guarantees are respected in our country.

I wish to tell you that the newspaper has cited Radio Rebelde as the source of its report on Robaina's meeting with this group of moderate Cuban exiles. LA JORNADA added that in its "Exclusivo" newscast, Radio Rebelde noted that Robaina met with the representatives of the Cuban community in the United States, in addition to attending the debates of the 48th UN General Assembly.

The prestigious Mexican newspaper states that more than an opportunity for dialogue, Robaina considered the meeting an occasion for strengthening ties with the Cuban community abroad. Citing PRELA, the newspaper quoted Robaina as saying that this fluid, casual meeting has opened prospects for another meeting, between Cubans living abroad and those residing in Cuba, which should be held in Havana during the second quarter of 1994.

Robaina characterized as positive the contacts made by the Cuban Government with sectors of the moderate Cuban community in exile. He said this is a result of bringing people together who think and modulate their approach according to developments in other countries.

In its commentary, LA JORNADA also cites the New York newspaper LA PRENSA, which quoted Robaina as saying that if new groups of this leaning continue to emerge, we will not refuse to hold talks with them irrespective of whether they share our political views. Robaina made it clear, however, that those who do not hold a dialogue with us; that is, those who are seeking to cut off the heads of those of us who are working on the island, will be excluded from the process. This is a verbatim rendition of what Robaina said at his meeting with a group of 150 Cubans residing in Florida, Mississipi, New Jersey, New Mexico, and with representatives of several U.S. organizations to strengthen ties between Cuba and the moderate Cuban community residing abroad, namely in the United States.

I wish to conclude by saying that, according to LA JORNADA, in his meeting with the Cuban exiles, Robaina touched on the most significant topics of the ongoing international campaign against Cuba and reiterated that the blockade against Cuba is also affecting U.S. businessmen who, he said, are believed to be running late in making investments in Cuba.

Representative Rejects UN 'Limited Sovereignty' Concept

FL1510030693 Havana Radio Rebelde Network in Spanish 0000 GMT 15 Oct 93

[Text] At the United Nations, Cuba today rejected concepts such as limited sovereignty and right to interference because they are out of keeping with the norms and principles governing international law.

Juan Antonio Fernandez Palacios, the Cuban representative to a working committee at the UN General Assembly, today stated that every state has the right to fully exercise its national sovereignty and self-determination, free from either foreign interference or intervention.

Fernandez said these are pillars on which the post-war [word indistinct] legal order was established and that these principles have been time and again reaffirmed through successive resolutions issued by the UN General Assembly.

Dominican Republic

* ONAPRES Reports on Revenues, Expenditures

* June 1993

93CA0204A Santo Domingo EL CARIBE in Spanish 29 Jul 93 pp 1, 4

[Text] Central Government income in the month of June 1993 rose to 1,927.8 million Dominican pesos, the National Budget Office (ONAPRES) has reported.

A press statement from ONAPRES said that 1,222.2 million pesos of this total were earmarked for investment.

Government income in June 1993 was 374 million pesos more than income during the month of May 1993, when it amounted to 1,553,789,786 pesos.

Following is the full text of the ONAPRES press statement, with details on income and expenditures for the month of June 1993:

The National Budget Office, in the interest of keeping the public informed concerning state income and expenditures for the month of June 1993, makes public the following details concerning this period of budgetary activity.

The strategy of the present government, led by President Joaquin Balaguer, is aimed at spending public funds on essential, priority activities, including agriculture, irrigation, safe drinking water, energy, health, and education, without neglecting other, important activities which contribute to the harmonious development and progress of the national economy.

During June 1993 government income amounted to 1,927,835,945 pesos, of which 1,222,219,248.53 pesos were earmarked for investment.

A total of 247,007,753.53 pesos were allocated to the agricultural, irrigation, and energy sectors. In particular, the National Institute of Water Resources (INDHRI) received 47,007,675.30 pesos for the construction and supervision of the Jiguey and Aguacate dams and the Sabaneta dam project, as well as for the construction and repair of irrigation channels and the maintenance of other dams.

The Dominican Electricity Corporation received 40,960,333.06 pesos to cover commitments of that institution and to contribute to improving the electricity system of our country.

The Dominican Agrarian Institute (IAD) received 17,814,522.39 pesos for the construction of different projects and for the financing of several agricultural programs. The Agricultural Bank received 105 million pesos to help small sugar producers and to support the implementation of the Small Sugar Producers of the Southwest Project. The Special Fund for Agricultural and Livestock Development (FEDA) received 1,440,190.25 pesos to expand programs for the support of agricultural production and for other, related purposes. The Secretariat of State for Agriculture received 23,598,500 pesos for different programs and agricultural projects. The State Sugar Council received 40 million pesos to meet commitments related to the sugar harvest of 1992-93 and for other purposes.

The National Institute of Drinking Water and Sewage [INAPA] received 51,973,920.88 for the implementation of several public works projects.

The Central Bank of the Republic received 192 million pesos for payments on the national debt and for strengthening our unit of currency. The president earmarked 244 million pesos to retire part of the currency in circulation. The Santo Domingo Waterworks and Sewage Corporation [CAASD] was allocated 100,936,443.33 pesos for the construction of the aqueduct between Valdesia and Santo Domingo, the Cibao Central aqueduct, and other public works.

Finally, the Secretariat of State for Public Works and Communications received allocations of 337,221,061.54 pesos; the Office of Supervisory Engineers of State Public Works received 87,949,868.87 pesos, and the Coordinating and Investigatory Office for Public Works received 48,369,130.24 pesos for activities in connection with the implementation of public works and programs of social interest throughout the country, such as the construction of housing, airports, ports, free trade zones, aqueducts, sanitary sewage programs, highways, local roads, and the maintenance of streets and historic monuments.

* July 1993

93CA0204B Santo Domingo EL CARIBE in Spanish 27 Aug 93 pp 1, 4

[Text] The income of the Central Government rose to 1,379.9 million pesos in July 1993, the National Budget Office (ONAPRES) reported on 26 August.

A press statement issued by ONAPRES said that when outstanding balances of special funds are added in, the government received 1,527 million pesos in disposable income.

The press statement says that 950 million pesos were earmarked for investment.

Tax collections by the central government in July 1993 were less than those in June 1993 by 548.8 million pesos. In June 1993 tax collections totalled 1,927,835,945 pesos.

Following is the text of the ONAPRES press statement in which details are provided on investments made with income collected in July 1993:

The National Budget Office, in the interest of keeping the public informed about state income and expenditures for the month of July 1993, announces the following details related to this period of the current fiscal year.

The strategy of the present government, headed by President Joaquin Balaguer, consists of spending public funds on essential, priority activities in the agricultural, irrigation, drinking water, energy, health, and education sectors, without neglecting other, important aspects which lead to the harmonious development and progress of the national economy.

Government income during July 1993 amounted to 1,378,972,541 pesos which, added to balances left over in the Special Funds, resulted in 1,527,049,884 pesos available for expenditure, of which 950,091,550.36 pesos were earmarked for investment.

The agricultural, irrigation, and energy sectors received 146,945,345.12 pesos for expenditure. In particular, the National Institute of Water Resources (INDHRI) received 49,308,926.33 pesos for the construction and supervision of the Jiguey and Aguacate dams and the Sabaneta dam project, as well as for the construction and repair of irrigation canals and the maintenance of other dams.

The Dominican Electricity Corporation received 43,011,050.54 pesos to cover commitments made by that company and to contribute to improving the electricity system in our country.

The Dominican Agrarian Institute (AID) received 17,814,522.99 pesos for the implementation of several projects and for the financing of a number of agricultural programs. The Agricultural Bank received 6,681,646.50 pesos to help small sugar producers and to support the implementation of the Small Sugar Producers of the Southwest Project. The Special Fund for Agricultural Development (FEDA) received 1,440,190.25 pesos to expand programs to help agricultural production and for related purposes. The La Cruz de Manzanillo [Manzanillo Cross] Project received 2,678,188 pesos for planting various agricultural crops. The Secretariat of State for Agriculture received 23,515,510 pesos for different agricultural programs and projects. The State Sugar Council received 30 million pesos to meet commitments related to the 1992-1993 sugar harvest and for other purposes.

The National Institute of Drinking Water and Sewage received an allocation of 54,485,299.76 pesos for the implementation of several public works projects.

The Central Bank of the Republic received 151 million pesos for payments on the public debt. The Santo Domingo Waterworks and Sewage Corporation was allocated 100,936,443.33 pesos for the construction of the aqueduct between Valdesia and Santo Domingo, the Cibao Central aqueduct, and other public works.

Finally, the Secretariat of State for Public Works and Communications received an allocation of 350,064,473.25, and the Office of Supervisory Engineers for State Public Works received 92,643,826.99 pesos. The Office for the Coordination and Investigation of State Public Works received 52,393,783.81 pesos for the implementation of public works and programs of social and economic interest throughout the country. These included projects such as the construction of housing, airports, ports, free trade zones, aqueducts, sanitary sewage facilities, highways, local roads, and the maintenance of streets and historic monuments.

* Two Polluting Firms Ordered Closed Down

93CA0203G Santo Domingo EL SIGLO in Spanish 29 Jul 93 p 5

[Report by Victor Manana]

[Text] The General Office of Forestry and the Environmental Cleanup Commission yesterday ordered the closure of the Sido Paper Plant and Baldosas de Granitos [granite paving stones], both of which are located along the Duarte Freeway, because their effluent or waste is polluting the Cuaba and Manzano Creeks, which flow into the Isabela River.

The two official agencies warned in a document, a copy of which was given to EL SIGLO, that the measure will be in effect "until sanitation projects are undertaken to eliminate the pollution."

They indicate that the closure of any business that is believed to be polluting the environment is authorized under Article 3 of Decree 226-90 and Law No. 5852 of the Water Code.

"As an initial step, a tripartite agreement must be signed by the Forestry Office, the Environmental Cleanup Commission, and the businesses involved," states the official communication.

It adds that the next step will be "to regulate the actions to be taken to correct the pollution and allow the companies' plants to open."

The Sido plant, which produces tissue paper, is located at Kilometer 22 of the Duarte Freeway. According to the report, it dumps its waste in the Cuaba Creek. Baldosas de Granitos is at Kilometer 9, and it is polluting the Manzano Creek. Both creeks are tributaries of the Isabela.

The official agencies also announced that Barcelo and Company has been given a week to move several casks or kegs that are sitting in front of its warehouse in the Mirador Este district of the capital.

They stated that because the casks are open, "the residue contained in them comes into contact with the air and produces a chemical reaction that is hazardous to the health of local residents."

The official warning adds that the decision was made pursuant to Article 40 of Law 4411 of the Health Code.

"If the measures requested are not taken, we will immediately proceed to shut down the operations of the aforementioned business," the document states.

It was reported that the manager of the business, Mr. Cesar Garcia, agreed to move the casks, clean up the place, and turn the site into a tree nursery.

* First Half 1993 Revenues Up 20.4 Percent

93CA0203D Santo Domingo EL SIGLO in Spanish 30 Jul 93 p 1-D

[Report by Victor Manuel Tejada]

[Text] If the economy is really in a period of relative stagnation, as many believe, then increasing the government's fiscal revenues is completely excessive, because it would significantly raise the country's tax burden.

This assertion was made by the consulting firm Despradel y Asociados (Dasa) in an analysis of the way fiscal indicators have performed in the first six months of 1993.

It states that the fiscal indicators yielded excellent results for the government during the first half of the year, with growth levels that could be expected in an economy that was going through a growth spurt.

The report indicates that it is enough to point out that the government's tax revenues rose by 20.4 percent in relation to the same period last year.

It analyzes the individual performance of each tax as well. In the case of selective excise taxes, such as those affecting alcoholic beverages and cigarettes, although revenues were up 72 percent and 23.2 percent, respectively, the method of levying the tax was changed.

The analysis notes that in the past, the selective tax was applied to specific consumption, whereas last year it was turned into a value-added tax. This led to a considerable increase in the tax burden, so it cannot be concluded that there was any real increase in sales.

It points out that revenues derived from the Income Tax (ISR) in 1993 correspond roughly to the results of fiscal 1992 and, therefore, do not reflect the economic activity of this year.

Dasa states that taxes on imports rose 28.5 percent in the first half of this year in relation to the same period last year, even though official statistics indicate that total imports grew by just 4 percent.

Excluding imports of oil and coal, imports by the National Institute of Price Stabilization (INESPRE), and others not subject to taxation, the increase in taxable imports was 7.2 percent, according to the consulting firm.

Even so it states that there is a great disparity in tax collections, which may be explained by apparent undervaluations by importers or by the fact that the General Office of Customs has enhanced its collection capacity.

As for the ITBIS [general sales tax], which should accurately reflect sales, revenues increased by 23.9 percent. It should be noted, however, that during the first six months of 1992, this tax was 6 percent, while during the same period this year it was 8 percent.

Therefore, the report states, when the effect of this change is taken into account, the result is that sales subject to the ITBIS experienced a real decline of 7.1 percent.

If this indicator is reliable, it confirms that the economy is in recession. Therefore, an analysis of fiscal indicators does not suggest that there was any expansion of economic activity in this country.

Monetary Indicators

During the first six months of this year, currency issuance averaged 31.8 percent more than during the same period of 1992, which can be considered a very high rate in a country that has inflation practically under control, says Dasa.

It notes, however, that most of this increase returned to the Central Bank in the form of deposits that commercial banks have placed in the institution.

At any rate, 17.8 percent more currency was printed, which means that in the first half of 1993 the public had much more monetary liquidity than it did during the same period of 1992.

The report indicates that the money supply had the same result and rose by an average of 19.2 percent between the two periods. Considering that the price index grew by 6.3 percent during the first half compared to the same period of last year, it can be concluded that the economy's liquidity grew at a real rate of more than 12 percent.

There are signs, however, or rather claims by different sectors, that economic activity did not grow by the same amount; rather, it remained stagnant during the first half of this year. These two facts seem to contradict each other, says the consulting firm.

* First Half Economic Activity Reviewed

93CA0203A Santo Domingo LISTIN DIARIO (SABADO ECONOMICO Supplement) in Spanish 7 Aug 93 pp 1-4

[Economy and Development Foundation (FEyD) report]

[Text] **Economic Policy During First Half of 1993**

In general, the objective of economic policy is to maintain macroeconomic stability. The combination of a restrictive monetary policy, an expansive fiscal policy, a flexible exchange-rate policy, and a prudent income policy has allowed the economy to continue its expansion, although at a slower pace, without spurring inflationary pressures. As we will show later, it is obvious that the results obtained are for the short term and cannot be sustained indefinitely. Therefore, we can expect to see changes in economic policy with a view to prolonging stability and promoting economic development.

I. Productive Activity and Trends in Prices

I.1. Development of GDP [gross domestic product]

The rate of economic growth in the Dominican Republic dropped in the first half of 1993. After the rapid recovery of 1992, as reflected in a 7.6-percent expansion of the real GDP, the growth rate of the January-June period fell to 0.8 percent. Whereas the economy grew at a rate of 4.8 percent in the first six months of 1992, growth remained just below 1 percent during the same period of 1993.

The decline in the growth rate is typical of the real economic cycle, and more specifically of the trend in inventories. Indeed, the increase in aggregate demand that began in late 1991 and continued throughout 1992 prompted economic agents to expand their inventories to the point that the rate of replacement exceeded the growth rate of demand. This situation cannot be maintained indefinitely, because it is tied to the decline in private savings. To prevent internal imbalances (e.g., inflation, depreciation of the currency), the rate of domestic savings must be increased, which means reducing the rate of consumption and purchase of goods. This contraction explains the slower rate of economic expansion and the continued macroeconomic stability.

Although economic growth has slowed, the performance of some variables suggests that economic activity will pick up in the future. An example of this is the boost in electricity sales: The consumption of electricity by the industrial sector as of June 1993 was 27.3 percent higher than that of the January-June 1992 period; in addition, during the same period consumption in the commerce sector rose by 25.6 percent. Given that the energy market is controlled by producers, meaning that consumers cannot obtain enough to meet their demand, these increases in consumption reflect an increase in the supply offered by the Dominican Electricity Corporation (CDE). Furthermore, because the per-kilowatt costs of the CDE are lower than those of private microplants that generate electricity, businesses' energy costs have declined. Moreover, the substantial rise in government spending during the first half, as we will see later, will have a positive effect on economic growth during the second half of 1993.

I.1.1. Dynamic Sectors

The most dynamic economic sectors in the first six months of 1993 were tourism, the industrial free zones, and microenterprises and small businesses. The number of direct jobs available in the free zones grew from 141,056 to 149,405 during the first half of 1993. In addition, the average hotel occupancy rate rose by 12 percent over the 1992 figure, reaching an average occupancy rate of 75 percent in the first half of this year.

Preliminary results of a survey conducted by Fondomicro, which will be released in mid-August, indicate that employment in the microenterprise and small business sector expanded by approximately 10 percent between March 1992 and March 1993, and that sales in this

sector grew by more than 15 percent during that period. It is estimated that microenterprises and small businesses created some 80,000 new jobs between March 1992 and March 1993, equivalent to all the new jobs created by the manufacturing or industrial sector throughout its history, and equal to 60 percent of the jobs created thus far by the industrial export free zones. Sales of microenterprises and small businesses in the services sector grew at nearly double the previous rate, which made up for the decline in sales in that type of business in the manufacturing sector.

Other sectors that reported more modest growth were sugar, which grew at nearly 5 percent; and livestock, which rose by 4 percent. The government sector expanded by nearly 10 percent in the first six months of 1993.

I.1.2. Slumping Sectors

The slower GDP growth rate recorded in the first half of 1993 was heavily influenced by the collapse in the mining sector. Preliminary estimates indicate that the GDP of the mining sector plummeted by more than 40 percent during the first half of 1993, due to the decline in ferronickel prices on the world market and the halt in dore [gilt] production and exports after the Rosario Dominicana company's collapse.

The agriculture sector saw production decline by 0.9 percent, while the manufacturing sector, excluding sugar, fell by nearly 1 percent.

I.2. Trends in Prices

During the first six months of 1993, the price stability that has prevailed since 1991 held firm. Cumulative inflation for the period between December 1992 and June 1993 was a negative 0.47 percent, despite the strong expansion of public spending that took place during that time. The increase in aggregate demand caused by the expansion of public spending was neutralized largely by the increase in private savings, part of which was transferred to the Central Bank in the form of deposits by commercial banks in that institution.

II. External Sector

II.1. Balance of Trade

The deficit in the balance of trade continued to expand in 1993. It grew from a total of $685.8 million in the first half of 1992 to $779.0 million for the same period of 1993, as a result of a 9.1-percent drop in exports and a 6.6-percent rise in imports.

II.1.1. Exports of Goods

Income from exports of goods fell to 9.1 percent below the level reported for the same period in 1992. The decline in exports of goods between January and June of 1993 was due to the erosion of nickel prices on international markets and the negative impact of that development on national production of nickel. In this regard, it should be noted that the decline in foreign exchange income from ferronickel exports accounts for two-thirds of the decline in exports of goods between 1989 and 1993. The collapse in the production of dore also affected the slump in exports.

During the period in question, exports of sugar, coffee, and tobacco did not grow by significant amounts in absolute terms, but they did reverse the negative trend that had been seen since 1989. Sugar exports were up 4 percent, coffee rose by 54 percent, and tobacco by 46 percent.

Nontraditional exports increased by $20.5 million over those of the January-June period in 1992. This growth, which reinforces the upward trend begun in 1992, suggests that nontraditional exports will attain the level recorded in 1989, the highest in recent years. This expansion should be supported by economic policies that accurately reflect relative prices and by an efficient system for promoting exports that is unaffected by the investment decisions made in various export activities.

II.1.2. Imports of Goods

Imports of goods continued to expand in 1993, but at a slower rate than last year. In fact, the growth rate of imports was 6.6 percent higher than that recorded in the first half of 1992, when the total growth rate was 26 percent. This development is consistent with the decline in the growth of domestic aggregate demand, especially that of private economic agents.

It should be recognized that besides the effect on the balance of trade, the rise in imports since 1992 has also had a positive impact on the Dominican economy. In the first place, it has promoted greater internal competition and, therefore, has prompted Dominican producers to adopt measures to improve their competitiveness, resulting in higher quality goods sold at lower prices. In the second place, and as a consequence of the above, the consumer has been the primary beneficiary of the competition, as he is now able to choose among a greater variety of higher quality goods. In the third place, the government has been able to collect large amounts of revenues through import taxes, which has enabled it to resume its expansive public spending policy and also pursue a noninflationary monetary policy.

II.2. Current Account

The surplus in the balance of services was $103.9 million higher in June 1993 than in June 1992, as the current account balance rose to $460.2 million. This surplus was due to the increase in the average hotel occupancy rate (12 percent) and in exports from industrial free zones (15 percent), as well as the reduction in interest paid to commercial banks that is expected to occur once the renegotiation is concluded at the end of the year.

The surplus in the balance of services financed 59.1 percent of the deficit in the balance of trade, compared to 52 percent that was financed in this way during the

first half of 1992. As a result, the volume of capital necessary to finance the deficit in external accounts can be expected to decrease.

Thanks to the surplus in the balance of services and the increase in net unilateral transfers, which rose to $220.9 million, the current account deficit for the first half of 1993 was slightly lower than that of the first half of 1992.

II.3. International Reserves

The international reserves of the Central Bank continued the upward trend they began in 1991. Indeed, between December 1992 and June 1993, net international reserves climbed from $306 million to $405.8 million, while gross international reserves grew from $580.8 million to $641.8 million. The latter figure represents 30 percent of the projected total of imports for 1993, which is well above the 1990 level, when gross reserves were enough to finance only 10 percent of all imports. This has had a decisive impact on the stability of the nominal exchange rate and on the Central Bank's ability to intervene in the exchange market for the purpose of preventing speculative assaults on the national currency.

III. Public Finance

Fiscal policy in the first six months of 1993 was expansive. This stems from the decline in the central government's surplus, which was only 944 million pesos in the January-June period of 1993, 1.019 billion pesos less than the 1.963 billion pesos recorded during the same period in 1992. The shrinkage of the surplus was due to the fact that the spending policy was more dynamic than the revenue policy. Total public spending rose by 35.6 percent, from 6.523 billion pesos in January-June 1992 to 8.843 billion pesos in January-June 1993. Total tax revenues, on the other hand, climbed by 1.523 billion pesos to 8.9874 billion (20.4 percent) in the period between January and June 1993.

The policy of keeping the budget in surplus, although by a smaller amount than before, meant that the public sector did not need to borrow as much from the Central Bank and the Reserve Bank. Thus, net credit granted by these two institutions as of June 1993 amounted to 432.4 billion pesos, a decline of 75 percent compared to that of June 1992. This suggests that monetary officials can pursue a policy of controlling monetary aggregates without too much difficulty.

III.1. Public Spending

The increase in public spending can be attributed to the rise in capital expenditures (42.8 percent) as well as the expansion in current expenditures (28 percent). The first component includes spending on real investment, which grew by 91 percent, from 1.5936 billion to 2.884 billion pesos. This has an expansive effect on the country's productive capacity and, therefore, on the GDP growth rate. The latter will begin to react to this sharp rise in public spending in the second half of 1993, as it generally takes some four to six months for the increase in public investment spending to be reflected in GDP growth.

Regarding the impact on aggregate demand, it should be noted that public spending in 1993 was largely oriented toward the domestic economy, since the percentage allocated to servicing the foreign public debt declined. The contributions by the central government to the Central Bank to pay off the foreign public debt fell by 415 million pesos to a total of 1.0928 billion pesos as of June 1993. The contributions for demonetization went through a similar change, falling by about 50 million pesos in the first half of the year below the level recorded in 1992 (488 million pesos). Whereas in the first half of 1992 the government allocated 25.6 percent of tax revenues for the Central Bank to pay off the foreign public debt and to demonetize, in the first half of 1993 it allocated 16 percent of tax revenues. The decrease in these contributions implies that public spending in 1993 has had a greater impact on the demand for goods and services, and therefore on the level of economic activity.

The rise in public spending boosts the demand for nontransferrable goods (such as construction, health, and educational services) and for transferrable goods (such as imported construction materials and consumer goods). The increase in the demand for transferrable goods has a negative impact on the current account balance because of the expansion of imports. Since it is expected that the current account balance will be lower in the period in question than it was in 1992, it can be concluded that demand in the private sector declined in 1993. Thus, it is clear that private savings increased during this period, which is consistent with the decrease in the economic growth rate. The significant rise in commercial bank deposits in the Central Bank reflects this increase in private sector savings.

Maintaining macroeconomic stability depends in large measure on greater private savings. If the private sector had not reduced the rate at which its demand was expanding, the external account deficit would have been higher, which would have been reflected in a drop in net international reserves and/or the depreciation of the national currency. A drop in net international reserves would have meant a contraction in the external component of the monetary base and a hike in interest rates. The latter would have caused the economy to contract further.

III.2. Tax Revenues

As for public revenue policy, the passage of the Tax Code in May 1992 altered the ability of the tax structure to react to changes in economic activity. The tax burden rose by nearly two percent of GDP in the first half of 1993 compared to the same period of 1992, reaching a total of 16.04 percent. The larger tax burden means that private economic agents have less disposable income and, therefore, are able to consume fewer goods. This has a negative impact on imports, and a positive impact on the external account balance.

Taxes on imports (especially tariffs and the customs ITBIS [General Sales Tax]), selective taxes on alcoholic beverages, and the income tax were the most important factors in the growth of the tax burden.

The increase in revenues from import taxes (excluding the ITBIS) yields an average effectively paid tariff that reinforces the trend seen since 1988. That year the tariff was 19.52 percent, and it climbed to 25.72 percent in 1991. It reached 34.48 percent during the first half of 1993, 2.36 percent higher than the tariff prevailing in the same period of 1992. Since the exchange rate for goods is stable at 12.50 pesos to the dollar, the increase in the average tariff is due primarily to the rise in the value of goods assessed by the General Office of Customs. The increase in the effective tariff reveals that the Dominican Republic has been moving further and further away from the free-trade processes derived from the globalization of international markets. This trend may result in our commercial isolation, which in turn would have a high cost in terms of employment, efficiency, productivity, economic growth, and general prosperity. All of the tariff reforms carried out in the Americas have resulted in a decrease in the average effective tariff on imports.

In addition to the foregoing, the increase in the effective tariff perpetuates the dependence on imported goods for tax revenues. Indeed, despite the enactment of the new Tax Code, import taxes (excluding the ITBIS) account for 37 percent of total tax revenues. As a result, it is obvious that public sector revenues are extremely vulnerable, given the deficit in the balance of trade. In an ideal tax structure, only 15 percent of revenues would come from taxes on imported goods.

IV. Monetary Aggregates and Interest Rates

IV.1. Development of Monetary Aggregates

The monetary policy carried out by government authorities in the first half of 1993 has been a passive one, given that the principal determining factor in the expansion of monetary aggregates has been the external component of the monetary base (i.e., net international reserves).

The money supply defined in the strictest sense (M1) grew at a rate of 1.4 percent between December 1992 and June 1993, while the money supply in the broader sense (M2) grew by 11.1 percent. Two main factors influenced developments in the money supply: the monetary base or issuance of currency, and the money multiplier.

The monetary base expanded by 15 percent during that period. From the perspective of sources, we can say that the increase in net international reserves (32.6 percent) accounted for 75 percent of the growth in the monetary base (that is, 11.2 percentage points), while the remainder (3.8 points) was attributable to the increase in net domestic assets. The latter variable includes the net domestic credit extended by the Central Bank to the economy, which means that it can be considered net internal credit in the broadest sense.

The issuance of currency (monetary base) can also be analyzed from the perspective of use (demand). Deposits by financial institutions in the Central Bank grew by 54.4 percent, from 4.317 billion pesos in December 1992 to 6.665 billion pesos in June 1993. The Reserve Bank accounts for the majority of that increase.

As for the money multipliers of M1 and M2, both declined in value. The former dropped from 1.24 to 1.1 (- 11.8 percent), and the latter from 2.44 to 2.36 (- 3.14 percent) during the January-June period of 1993. The contraction of the multiplier is a reflection of the increase in financial institutions' deposits in the Central Bank in relation to the total amount of deposits by the public in those institutions, and of the Central Bank's temporary inability to influence the level of monetary aggregates. Thus, it is clear that economic agents' demand for loans has decreased while deposits have increased during the first half of the year. Whereas deposits in commercial banks grew by 17.6 percent during the first six months of 1993 compared to the total as of December 1992, loans issued by commercial banks rose by only 5.3 percent.

IV.2. Dynamic of Interest Rates

During the first six months of 1993, monetary authorities adopted measures aimed at reducing nominal interest rates. The measures can be summed up as expanded offerings of financial resources by the Reserve Bank at a below-market rate and lower interest rates for Central Bank loans. These measures may have some short-term influence on interest rates, but in the medium and long terms, only financial market conditions can determine the level and structure of interest rates.

Interest rates in the Dominican Republic depend on the supply and demand of credit. Credit conditions, in turn, are closely tied to the level of investment and savings by economic agents. A higher level of savings means a greater availability of resources and, if the demand is there, a lower rate of interest.

In 1992, domestic savings fell because of an increase in private consumption. Not only did this reduce the supply of loan funds, but it also caused an increase in the demand for credit. This situation translated into a resurgence in interest rates that year. In the first half of 1993, private sector consumption grew at a slower pace, and consequently, there was a greater differential between the growth of deposits and that of commercial bank loans. These circumstances have driven down interest rates, from 29.6 percent in January to 24.6 percent in July 1993.

Despite the reduction in interest rates seen in the first half of the year, these rates are still very high in real terms. Several factors work together to determine the level of interest rates, including the overvaluation of the real exchange rate and the costs of financial transactions.

The overvaluation of the real exchange rate is an indication of expectations for a devaluation of the nominal

exchange rate. From 1990 to June 1993, the real exchange rate appreciated by 16 percent in real terms; worse yet, between 1988 and 1993 it appreciated by 42.4 percent. Because economic agents see part of this appreciation as a possible devaluation, financial contracts are signed taking into account the possible loss of capital that would result from the depreciation of the nominal exchange rate, which is reflected in a high nominal interest rate. Moreover, given that the interest rate is equal to the nominal interest rate minus the inflation rate, and because inflation depends on the nominal exchange rate, which has remained stable, it can be concluded that the real interest rate is high.

Transaction costs also have an impact on the nominal interest rate. A banking industry with a high level of loan expenses must pay out more of its profits in loan costs, which is reflected in a wider gap between deposit interest rates and loan interest rates. These costs include not only the bank's overhead, but also the cost of investments in unproductive assets, which covers both the unproductive part of the portfolio and investments in fixed assets.

V. Exchange and Revenue Policies

V.1. Exchange Policy

A small and open economy such as that of the Dominican Republic must design its economic policy with a view to attaining high levels of competitiveness on a continual basis. In this regard, a real competitive exchange rate is one that allows the Dominican Republic's supply of exports to be sold on international markets at a reasonable profit. As a result, the exchange rate policy allows the nominal exchange rate to adjust t shifts in the price differential between the Dominican economy and the country's main trading partners.

During the first half of 1992, the exchange rate policy was the same one that had been pursued since mid-1991, that is, a single-rate system with mild intervention in flotation and a two-percent surcharge on foreign exchange sales transactions.

Between January and June 1993, the nominal exchange rate maintained the same stability as in 1992. The exchange rate varied only by pennies both on the bank market (12.80 pesos to the dollar) and on the extra-bank market (12.60 pesos to the dollar). In the first six months of the year, the real exchange rate appreciated by 3.5 percent, from 138.54 to 143.4. Nevertheless, if we compare the latter figure to the 1988 rate (100), we see that the real exchange rate appreciated by 42.4 percent [as published] between 1988 and June 1993.

The exchange-rate stability that has been observed since mid-1991 is due, among other things, to the fact that economic agents adjusted their holdings. That year, because the cost of holding financial assets (e.g., savings deposits and term deposits) decreased, the public realized that investing in those assets was more profitable than buying and hoarding foreign currency. The rising demand for savings deposits and term deposits and the shrinkage of the amount of cash in the hands of the public are manifestations of this phenomenon.

The influx of capital seen since 1991 has also affected the stability of the nominal exchange rate and the appreciation of the real exchange rate. The latter stems from the equilibrium in the market for nontradable goods (e.g., construction). The greater influx of capital boosts purchases by economic agents, which in turn leads to a greater aggregate demand for tradable as well as nontradable goods. The increase in demand for the latter drives up prices, which once again balances this market. The increase in prices causes the appreciation of the real exchange rate.

The appreciation in the real exchange rate is incompatible with the process of freeing up trade. In fact, the reduction in tariffs requires a depreciation in the real exchange rate to keep the external accounts in balance. In the case of the Dominican Republic, the influx of capital has made it possible to finance the current account deficit in the balance of payments, while the real exchange rate has appreciated. This can only be maintained as long as capital is moving into the Dominican economy in sufficient quantities to cover the excess demand for foreign exchange.

If the flow of capital were to be reduced, the level of spending in the economy would have to drop and/or exports of goods and services would have to climb to maintain macroeconomic stability. A competitive exchange-rate policy and an effort to promote exports would make these intermediate objectives possible. The depreciation of the real exchange rate would reduce the demand for imports and promote exports. The establishment of a system to promote exports would mean that the real exchange rate would not have to depreciate as much to attain a balance in the current account. It would not be advisable to impose quantitative restrictions on imports, as evidence shows that this type of policy benefits only domestic producers with low productivity rates and penalizes consumers by shifting income from the latter to the former.

V.2. Revenue Policy

Government officials have acted prudently with respect to setting wage levels. The real minimum wage, given the negative inflation rate of 0.47 percent in the first half of 1993, has remained at practically the same level since late 1992. At present, however, the government is under pressure to authorize an increase in the minimum wage. So far, it has been able to resist the pressure. Export firms in industrial free zones, which have seen a decline in their competitiveness with other countries in Central America, would be hardest hit by an imprudent policy of raising wages.

*** National Economy Reflects Growing Recession**

*** Economy Slowing**

93CA0205A Santo Domingo EL SIGLO in Spanish 28 Aug 93 p 1-D

[Article by Victor Manuel Tejada]

[Text] The recession affecting the Dominican economy is so brutal that it can no longer be denied, hidden, or minimized. Figures from the Central Bank confirm that the Gross National Product (GDP) grew at an annualized rate of 0.8 percent the first half of the year.

In real terms, that means economic activity declined during the April-June quarter, since GDP growth during the first quarter of the year was 1.7 percent. Thus, in order for annualized growth to be 0.8 percent at the end of June, a decline must have occurred in the second half of the year.

Production declined in many sectors during the first six months, and remained stagnant in others. For example, agriculture and ranching grew only 0.9 percent, while practically all mining production declined significantly, at rates ranging from 70.1 percent for gold, to 100 percent for limestone.

Economist Frank Guerrero Prats, who months ago was cautious about the behavior of the economy and had said one should speak of stagnation rather than recession, now has no doubts.

In responding to EL SIGLO's questions, he said that all the data shows that the economy is experiencing a recession. He referred to the deceleration in the GDP, with the growth rate declining from 9.2 percent during the second half of 1992 to only 0.8 percent the first half of this year, in addition to the fall in the price level.

In his view, there are three reasons for this: the suspension of credit because of high interest rates; the fact that the government receives more revenues than the value of the resources it puts back into the economy (that is, it diverts a portion to demonetize and pay down the debt); and the lack of foreign investment. In economist Isidoro Santana's view, the situation is much more serious. He said that rather than recession, the country is passing through a situation that could be considered an economic crisis.

In real, that is, per capita terms, the GDP recorded negative growth. That is, instead of people producing more, production per person has declined this year.

He said that although the causes are not yet clear, there is no doubt that the roots of the situation are linked to the high interest rates and the uncertainty among economic agents as to the changes that have been introduced, and which continue to be introduced, into the economy.

Former Central Bank Governor Carlos Despradel remains cautious. And he says that technically, a recession requires that the economy decline for at least three quarters. However, he recognizes that many sectors of the economy are stagnant and others are growing at a very reduced pace.

Finally, economist Miguel Ceara also agrees that it is no longer possible to deny the recession affecting the country. Particularly given the fact that per capita GDP has declined steadily through at least the first half of the year.

One might well ask how the harsh adjustment process of 1991 and 1992 can be justified, if that handling of the economy did not allow the resumption of growth that can be maintained for at least three or four years. To what purpose did the country suffer the restricted consumption of those years, if instead of rebounding and emerging into the fresh air, the economy sank into a dark hole?

*** Customs Duties Blamed**

93CA0205B Santo Domingo EL SIGLO in Spanish 30 Aug 93 p 2-D

[Text] National Business Union (UNE) President Andres Dauhajre believes that the economic stagnation can be attributed in large part to the altered and deformed customs duties, which resulted from the pressures of economically powerful groups.

In his opinion, the new Customs Duty Code is more backwards than the previous Law 170 that was applied before the Executive Branch issued a decree in 1990 reforming the entire customs duty regime up to that point.

Under the likelihood that the customs duties were deformed, weakened, and altered by the agreement of political parties and sectors that gave in to pressure from certain economically powerful groups, the economy has begun to regress and is passing through a period of stagnation, he said.

He indicated that even now the Dominican economy is entering what may be the beginning of a recession, which can be attributed to changes in the customs duties.

Dauhajre made these claims in an interview on the television program ECONOTEMAS, which is broadcast every Saturday on channel TV-13, and produced by reporter Victor Manuel Tejada.

He said that the recently approved and promulgated customs regime is the culmination of the famous 1990 decree, which began the road to reform, and to which a year later, even under pressure by industrial concerns that were feeling unprotected, reductions were introduced in more than 400 consumer goods, by decree 366-91.

He said that despite the reduced import taxes on those goods, prices were not reduced to the consumer, as should have been expected.

He recalled that in 1992 and 1993 the customs duties project was being discussed, and when trying to establish a prudent time frame and gradual process for domestic industry to be reconverted, rates were set at between 5 and 35 percent.

However, a law was approved establishing rates at between 3 and 35 percent between 1990 and 1993, and rather than advancing the reform process, it has regressed, since the original plan called for rates of between 10 and 20 percent, he said.

He also said that during the discussion process, it was agreed that for many products the ITBI [General Sales Tax], the foreign exchange surcharge, and the equalization tax would be removed, promoting increased production, but the high rates were not reduced.

He indicated that it was thought that an equalization process should have been applied to the rates, in order for the highest rate, 35 percent, to be gradually reduced to a top rate of 20 percent in three or four years, along with a reduction in duties on consumer goods and machinery.

He maintained that the important thing for the consumer was low customs duties, in order for salaries to meet them, domestic industry to be given adequate protection, and imported products to be provided an opportunity to compete in terms of prices and quality.

However, he believes that all that was distorted and now there is more protection than in 1990, that is, law 299 has been revived to an extreme degree.

He said that consequently, rather than falling, prices have risen, in addition to which Customs has every year increased its assessments on imported products and consumer goods.

He said that in 1990 for every dollar of imported goods, payments were 21 percent; in 1991 that proportion had increased to 23 percent; in 1992 31 percent was paid; and in 1993, despite the fact that the surcharge and equalization tax had been reduced, every dollar of imported goods pays 35 percent in taxes.

He said that since 1991, through the Tax Code itself, the foreign exchange surcharge and ITB's have been removed from some products such as detergents, but that did not translate into lower prices, because by not reducing them for the imported products competing with them, it only increased producer profits.

He said that part of the problem is that the same law facilitated the Customs administration's ability to assess imports, which he believed to be inconsequential because wherever the harmonized system is adopted, as the law establishes, the GATT [General Agreement on Tariffs and Trade] value is applied, rather than the one determined by Customs.

He said that the method used is to invite producers and importers in a particular sector to discuss prices, but when there is no agreement, Customs determines the price to be applied.

He believes that the situation has its roots in the famously voracious fiscal policy, even though he recognizes the government wants to collect more because it has a social budget to implement.

* Economist Disputes Minimum Wage Recommendations

93CA0206B Santo Domingo EL SIGLO in Spanish 1 Sep 93 p 1-D

[Article by Victor Manuel Tejada]

[Text] Economist Luis Vargas feels that if the proposal of the technical secretary of the presidency, Miguel Sang Ben, to establish a minimum wage of RD [Dominican pesos] $1,485 in the private sector were accepted, it would continue conditions of poverty and misery in the Dominican Republic.

He explained that this wage level will bring the Dominican worker to only 77 percent of the "poverty threshold" (RD $1,934), enabling him to pay for 41 percent of the basic goods and services needed for national family consumption (RD $3,617), and 21 percent of the consumer goods and services needed in Santo Domingo.

Sang Ben, in a letter to the director of the National Wage Board, suggested that the minimum wage in the private sector should be RD $1,485 (29 pesos more than the current minimum wage), and that salaries above that level should be increased 8.7 percent, with a correction factor reflecting each sector's increase or decrease in productivity.

For the public sector, the official suggested that the minimum wage should be RD $1,285 a month, an increase of RD $505 a month, or RD $6,060 a year. That would cost an additional amount of approximately RD $151.5 million a year, which is 1.75 percent of the domestic resources budgeted by the government.

Vargas said the technical secretary also mentioned productivity, measuring it by the nominal value added by each worker. Based on that criterion, the minimum wage should be RD $2,868 for large companies, RD $1,820 for the free trade zones, and RD $2,201 for the government, measured by the increase in tax revenues.

However, he considered it a positive factor that the official had proposed a minimum wage for public servants of RD $1,285. That is a 65 percent rise, which exceeds the unions' proposal by 15 percent.

He said that the fact that a representative of the central government expressed willingness to boost government salaries by 65 percent is also one more argument for raising salaries in the private sector by 50 percent. If public sector salaries are raised 65 percent, why not raise private sector salaries by 50 percent in order to improve living conditions of the wage-earning working population and promote an economic recovery, he added.

He said a wage increase could strengthen consumer demand.

In this economist's view, the proposal Sang Ben made about the private sector's minimum wage is a sign that the government is apparently caving in to undue pressures from the Dominican business community.

He indicated that the government does not want to stir up the slightest conflict or dispute with the nation's businessmen during the pre-election period.

He also criticized the "incredible timidity" the nation's major opposition parties have shown. "Neither the PRD [Dominican Revolutionary Party], the PLD [Dominican Liberation Party], nor the PRI [Independent Revolutionary Party] has taken a clear and definite public position supporting the workers' rights and demands."

He said this proposal reflects ignorance on the part of the technical secretary of the presidency about how to reactivate the Dominican economy, as it does not take into consideration the importance of the wage variable in economic activity.

* Statistical Basis For New Minimum Wage

93CA0206A Santo Domingo EL CARIBE in Spanish 1 Sep 93 p 6

[Letter signed by Miguel Sang Ben, technical secretary of the presidency; first paragraph is EL CARIBE introduction]

[Text] Complete text of the letter from the Technical Secretariat of the Presidency to the National Wage Board, which had asked that this information be prepared for calculating the wage increases the unions are seeking. This letter to Dr. Ircania Jimenez Mora, director of the National Wage Board, is dated 20 August 1993.

To the honorable director:

I am writing in response to your letter CNS/No. 175-93 asking us to conduct a study on the inflationary situation and changes in labor productivity in the Dominican Republic. According to the new Labor Code, the responsibility for conducting such a study lies with the negotiating parties, so in this letter we are providing you with the technical basis that should govern the execution of this study.

I believe the minimum wage in the public sector should be raised to RD [Dominican pesos] $1,285 a month and in the private sector to RD $1,485 a month; and the salary of other employees increased by 8.7 percent, corrected for the productivity factor in each sector, subsector, or individual enterprise. The rest of this letter presents in detail the reasons supporting our recommendation.

I. Minimum Wage

If we analyze the behavior of the value of the average goods and services required by a typical poor low-income family of five members, of whom on the average 1.3 work, we find that the minimum wage needed to provide their basic goods and services was RD $1,483.11 in May 1993. This means that if the minimum wage is RD $1,200, a 23 percent increase would be needed; if the minimum wage is RD $1,400 the increase would be 6 percent. If the goods and services to be covered by this wage level were higher, the need for a salary increase would be greater. So this analysis starts from the principle that wage-earners will be in a "good" position if they can afford the necessary goods and services with their salary.

For the public sector, the minimum wage increase required, using the same reasoning, with 1.5 persons employed per household, would be 65 percent. This means that each employee who now earns a minimum wage of RD $780 a month in the public sector, both centralized and decentralized, should receive an additional RD $505 a month; that is, RD $6,060 a year.

If the number of public employees receiving the minimum wage were 25,000, this would be RD $151.5 million in additional wages, which is 0.75 percent of the National Budget and 1.75 percent of the internal resources budgeted. For public employees with a salary of RD $1,000 a month, a 28 percent increase would be necessary.

II. Average Salary

Not enough data are available for analyzing the average wage, and since the greatest weight is given to low-income wage-earners, it is not very sensible to compare the average salary with the average consumer goods and services. However, cumulative inflation since the latest wage increase is 8.7 percent. Normally, real wage levels are offset by gains in worker productivity. So in order to maintain the same real compensation level earned in 1991, businessmen would have to raise salaries by 8.7 percent. That is, the same proportion as the increase in inflation during the period following the prior increase, adjusted for the change in average productivity levels in their enterprise. For example, if productivity in agricultural activities has declined, the wage increase in the sector should be less than 8.7 percent in proportion to the decline in productivity. And, on the other hand, if productivity has risen, this wage increase could be more than 8.7 percent.

In summary, it is proposed that the public sector's minimum wage be raised to RD $1,285 a month; in the

private sector, to RD $1,485 a month; and that wages of other employees be increased by 8.7 percent, corrected for the productivity factor in each sector, subsector, or individual business. We do not now have statistics on productivity, so the National Wage Board should arrange to have each negotiating party commission technical studies on the change in average labor productivity for each sector of the economy, perhaps using the methodology proposed by this office, as described below.

III. Methodology for Changing Semi-Skilled and Skilled Workers' Wages

The starting point for negotiations on this item should be the level of inflation. A proportion equal to 30 percent of the increase or decrease in average labor productivity should be added to or subtracted from this level. As the average labor productivity differs in each sector, the negotiating parties should calculate productivity for each specific sector. Otherwise, an average productivity calculation would have to be made for the totality of industrial production in the Dominican Republic, which would work to the detriment of employees in the most dynamic sectors.

The average productivity should be calculated as follows:

- 1. In each enterprise of a sector, for example, the clothing industry, the value of total production during the period from July 1991-June 1992 and July 1992-June 1993 will be taken, subtracting the value of garments produced with irreparable defects and those placed in inventories of finished products. The production base will then be the amount of garments produced that were actually sold.
- 2. These values will have to be deflated by the price index for each period in order to deduct the effect of inflation from the increased value or production. So the entire increase will be based on the physical increase in average production, that is, the larger number of shirts produced in and sold by the company, now measured at a constant value.
- 3. Also for each company, the number of direct employees (machine operators, bolt cutters, pressers, etc.), and of indirect employees (plant supervisors, inspectors, transporters of work in process, etc.) will be counted at the close of the periods indicated in point No. 1. These totals will give the company's labor force.
- 4. The company's real production (given in point No. 2) will be divided between the labor force employed at the close of each period: Labor productivity (1991-92): Determined by the real production (1991-92) divided by the labor force in June 1992. Labor productivity (1992-93): Determined by the real production (1992-93) divided by the labor force in June 1993.
- 5. Then the percentage change in labor productivity in the company will be calculated: Percentage change in labor productivity: Determined by labor productivity (1992-93), (- 1 to 100), divided by labor productivity (1991-92).
- 6. After this calculation has been done in each company of the clothing industry, all the percentage changes will be added and this total will be divided by the number of companies in the sector. This will show the change in average labor productivity for the clothing industry.

The data used in the methodology proposed produce results that are useful for both parties. First, by concentrating on the number of garments sold without defects and without being placed in inventory, the sector's most dynamic companies in terms of placing their products and producing quality goods will be the most productive. So both parties will see that reducing both order processing time and the number of garments with defects will result in higher levels of sales and productivity, and eventually higher wages for the workers.

Second, counting indirect labor in calculating productivity provides a more realistic measure of a company's labor efficiency. The greater the quantity of indirect labor, the lower productivity will be. That is so because the use of indirect labor is caused by defects in the plant layout that lead to an imbalance between processes, and consequently to a waste of time and space by having to move production erratically within the plant.

As a result of these problems, which are very widespread in Dominican companies outside the free trade zones, approximately 30 percent of the labor force is indirect labor, whose work adds no value to the raw material used in the production process. It is in the greatest interest of Dominican workers to eliminate the causes leading to this use of indirect labor, for in that way the average labor productivity will increase steadily, which will benefit real wage levels. This is clearly also good for businessmen, as the increased efficiency in production flows inside their plants will eliminate the need to employ indirect labor and to waste time and space in transporting raw materials and products being processed inside the plant.

This entire analysis should cause both businessmen and labor to support and participate actively in the industrial restructuring process now in progress, which is being coordinated by the Department of Industry and Commerce with the assistance of the UNDP [United Nations Development Program]. This program's objective is to attack production problems that prevent both workers and management from increasing average labor productivity levels.

Sincerely,

Miguel Sang Ben, M.A., M.B.A., Technical Secretary of the Presidency

Haiti

Justice Minister, Body Guard, Policeman Killed In Attack

FL1410192693 Port-au-Prince Radio Metropole in French 1830 GMT 14 Oct 93

[Text] Minister of Justice Guy Malary has just been killed in the Turgeau neighborhood. Attorney Malary and two body guards were killed by bullets. The information has been confirmed.

An atmosphere of panic prevails in the Haitian parliament. A group of aggressive individuals entered the Legislative Palace today. Several legislators, panic-stricken, left the building.

There are three dead bodies around the Sacre-Coeur Church in Turgeau. All the journalists who were there and other people who know the minister of justice identified, as we did, the body of Attorney Guy Malary, minister of justice who has been killed in addition to a policeman and a security guard who were accompanying him. According to eyewitnesses in the Sacre-Coeur area, some individuals fired at his car, a blue Toyota Land Cruiser, as it passed. An accident occurred. Three people died, including the justice minister of the Malval government, Attorney Guy Malary. A security guard, the minister of justice, and a policeman from the Haitian Armed Forces were killed. This is basically the situation around Sacre-Coeur of Turgeau. Many people are there, trying to see what is going on in the area.

FRAPH 'Deplores' Murder

FL1410212193 Port-au-Prince Radio Metropole in Creole 2000 GMT 14 Oct 93

[Text] One of the first reactions to the murder of Attorney Guy Malary comes from the Revolutionary Front For Haitian Advancement and Progress, FRAPH, which says that it deplores this death. Let us listen to FRAPH leader, Emmanuel Constant:

[Begin recording in Creole] Haitian people, today Emmanuel Constant, FRAPH secretary, deplores the violent act that has just been perpetrated against Justice Minister Guy Malary. We violently condemn this action taken by a dark sector. We are asking everyone to remain calm while waiting to discover which sector is creating this atmosphere of violence in the country.

FRAPH, which had scheduled a demonstration of support on Friday 15 October, is asking everyone to stay at home as a sign of mourning, reflection, and support for our military, under pressure from the international community, which is creating division in Haiti. [end recording]

That was Emmanuel Constant, a FRAPH member and the first to react. Responsiblity for this murder has not been claimed. There is no further information from the police as to how the minister and the three people [as heard] who were in the car with him—his drivers and two bodyguards [as heard]—lost their lives.

Lawyers Association Condemns Murder

FL1410232293 Port-au-Prince Radio Metropole in French 2200 GMT 14 Oct 93

[Text] The National Association of Haitian Lawyers and Jurists energetically condemns the ignoble act that has contributed to the spiral of violence in the country. They say that rather than its being a means to a solution, it is only worsening the crisis.

Violence and hatred, writes the National Association of Lawyers and Jurists, being an argument for weakness and ignorance, never solve anything.

In this painful circumstance, the National Association of Haitian Lawyers and Jurists honor the memory of their regretted colleague and take the opportunity to offer its sympathies to his parents and to the government.

Government Reacts

FL1510001093 Port-au-Prince Radio Metropole in French 2200 GMT 14 Oct 93

[Text] Following is a message to the nation from the Robert Malval government concerning the current juncture.

The government of the Republic announces with sorrow and indignation that the minister of justice, Attorney Francois Guy Malary, has been murdered during a cowardly attack in which his driver and his bodyguard were also victims on this 14 October.

The government is convinced that this foul crime has been committed by those who have been disturbing the social peace for several days under the protection of the highest authorities responsible for the keeping of public order. This premeditated attack, according to the government, is a crime against state security.

The authors of this murder and their accomplices will be punished. The determination of the constitutional government of the Republic to fulfill its mission is equal to its anger and indignation. Attorney Francois Guy Malary repeated often, quote: This society is dying from injustice. [unquote] In memory of our companion who died so justice could triumph, we invite all Haitian citizens to fight with us to end the injustice and terror from which no one is exempt.

To honor Guy Malary, minister of Justice, and to connect with the deep sorrow of his family, the government asks the population to bear witness in meditation to the cause for which citizen Francois Guy Malary and the members of his escort were fighting.

Signed by Robert Malval, prime minister; the ministers of the economy, the interior, defense, public health, social affairs, public works, agriculture, commerce, planning, information, and education.

Armed Civilians Occupy Parliament, Take Hostages

FL1410205893 Port-au-Prince Radio Tropic FM in French 1900 GMT 14 Oct 93

[Text] Minister of Justice, attorney Guy Malary, was murdered this afternoon at around 1730 GMT near the Sacre-Coeur Church in Turgeau. Two others who were in his car, his driver and his bodyguard, were also killed. The incident occurred while the minister was coming from his office at the Ministry of Justice. After the murder, great tension prevailed in the area, which is completely occupied by the same armed civilians.

Armed civilians also raided the Legislative Palace at around 1800 GMT. These individuals, claiming to be from the Revolutionary Front for Haitian Advancement and Progress [FRAPH], stated that they came to participate in the sessions. They told the president of the Chamber of Deputies, Dr. Antoine Joseph, that they hoped President Aristide would reconcile with General Cedras, and set down as a condition to the return of President Aristide that he keep the Army commander in chief in his post.

Shortly thereafter, the armed civilians took as hostages the parliament employees and the deputies present, preventing them from leaving. They released them at about 1840 GMT.

According to a source close to parliament, members of the 11 October Revolutionary Committee, including Reynold Georges and Gerard Bissainthe, arrived at parliament and are reportedly holding talks with the president of the Chamber of Deputies, Dr. Antoine Joseph.

It should be noted that we have not yet received any reaction from the government regarding the murder of Attorney Guy Malary. Guy Malary was in open conflict with the president of the Court of Cassation, Emile Jonassaint. Attorney Jonassaint refused to submit to the minister's decision. He had [word indistinct] to Justice. The verdict has still not been handed down.

A few days ago, the deposed president of the Court of Cassation had presided over the opening of the judicial activities session, attended by the president of the Chamber of Deputies, other legislators, several high-ranking employees, and members of the Army general staff. The presence of General Cedras at this session was criticized in a letter by the minister of defense, saying that General Cedras was thereby giving support to an act of rebellion. Following the murder of Justice Minister Guy Malary, the streets in the downtown area emptied. The stores closed their doors and the population went home.

Police Chief Refuses Unidentified Diplomats' Offer of Exile

FL1410154793 Port-au-Prince Radio Tropic FM in French 1100 GMT 14 Oct 93

[Text] Lieutenant Colonel Joseph Michel Francois, Port-au-Prince police chief, denounced on the evening of 13 October a political assassination plan prepared against him by a great power, which he did not identify, in the event he does not agree to leave the country. In a statement handed to the press, the officer says he met on Tuesday, 12 October, with two state servants of a great power, including a diplomat posted in Port-au-Prince and another who traveled [to Haiti] on that day especially for that purpose. I agreed to meet, believing that it was an honest step aimed at finding a peaceful and happy solution to the Haitian crisis, the military official explains.

He adds: Contrary to my expectations, this conversation centered on only one subject: I must agree to exile or I will die. These state servants of a country where assassination of foreign state servants is punished by the law clearly told me that in the event that I would not leave the national territory, my wife, my children, and I would be assassinated by the governmental organization to which they belong, the Port-au-Prince police chief points out.

As an official, I refrain for the moment from revealing all the hidden sides and all the evidence supporting what I am saying. On the other hand, if something happens to my family or to me, the entire world will know the methods planned by some great power state servants in order to bring about the restoration of democracy in Haiti, the statement of the officer further says.

I have already seriously considered providing the material proofs of this political assassination plan to the parliamentarians of this country, the officer adds. I make a point of repeating that I am Haitian and that I have chosen to remain and die in my country, concludes the statement of Lt. Col. Joseph Michel Francois, chief of the Port-au-Prince police.

Cedras Sets Conditions for Resignation

FL1410182293 Port-au-Prince Radio Metropole in French 1045 GMT 14 Oct 93

[Further report on press conference held by General Raoul Cedras in Port-au-Prince on 13 October—recorded]

[Excerpts] [Unidentified announcer] In Port-au-Prince, a few hours before the decision of the UN Security Council, the Army commander in chief, General Raoul Cedras, set among the conditions for his resignation the respect, by chronological point, of the Governors Island agreement. The agreement provides for an amnesty law, the adoption by the Haitian parliament of a law separating the police force from the Army, the resignation of the Army commander in chief and the appointment of a

new Army chief by President Aristide, Gen. Cedras indicated in demanding ratification by the parliament of the amnesty decided by Father Aristide. I think that a person cannot be condemned without being heard, said Gen. Cedras, who hoped to intervene at the UN podium to make the Army's voice heard.

Two meetings with the press in less than three days. Gen. Cedras definitely is very talkative this week. He wanted to make his voice, and that of the institution he heads, heard on the situation. The statements are coming at a crucial moment in the application of the Governors Island Agreement. As a matter of fact, the general must announce his expected retirement as head of the Army, according to the 3 July agreement.

Questioned about his departure, Gen. Cedras set down certain conditions. Moreover, he explains that the application of the various points of the Governors Island agreement should be done in chronological order.

The Army chief denounced the absence of an amnesty law. Gen. Cedras considers that the decree on amnesty issued by President Aristide could not replace this law that the parliament must ratify. The general reveals that this viewpoint was shared by the Robert Malval government.

[Cedras] As a matter of fact, President Aristide issued an amnesty decree. The amnesty decree was analyzed by the most distinguished attorneys of this country and declared null. This fact was taken to Special Envoy Caputo. This fact was also taken to the Malval government. During a meeting on 7 October, they accepted the fact that this amnesty decree had some weaknesses. We even reached the conclusion that it was necessary, under the Governors Island agreement, that the amnesty decree be completed by a law voted by the Haitian parliament. It was in this frame of mind that the government sent the minister of interior to Washington. He should come back with another decree of convening, asking the chamber to approve the amnesty law.

[Unidentified reporter] Does that mean, General, that if this procedure is not respected you will not resign from your post?

[Cedras] I am saying that the Governors Island agreement must be respected in the chronological order of its points. Let us say, on the amnesty, do the Armed Forces have all the necessary security, since there is still not even an amnesty law?

[Reporter] Do you think, General, that this can occur before Friday?

[Cedras] I hope so.

[Announcer] [Passage omitted] As for the thorny matter of MINUHA [UN Mission to Haiti], Gen. Cedras reasserts that the Army favors a technical assistance, but he adds: Everything should be done in transparency and within strict respect of the Governors Island agreements. In that respect, Cedras deplores the fact that the Army and the civilian society have been kept from the terms of reference regarding MINUHA. The general criticizes, in that sense, Prime Minister Malval, who signed the document with Mr. Caputo in complete isolation. The Army chief thinks that the government owes some explanation to the Haitian nation; the general mentions some breaches to the deployment of MINUHA and thinks that the lack of transparency has been the detonator of this week's demonstrations.

[Cedras] I think that it would be quite legitimate that the Armed Forces know the status of this mission in order even to know how the Army should treat the members of this assistance mission. I believe that the other institutions in the country—the parliament, the judicial power, society, and the nation in general—no one knows about the content of this accord.

And I think that was the point of departure of the questions that some sectors in this country raised. The UN/OAS special envoy asserted to us that the members of this mission would be armed with small pistols. The U.S. secretary of defense said that the people were carrying other weapons, including M-16 antitank weapons. I think that is what provoked a peaceful demonstration by some Haitian citizens who were concerned for their country's sovereignty and who were asking for some explanation from the government. We deplore the fact that this ship was recalled before a solution was reached allowing the Army and the people to have this assistance.

[Announcer] In this press conference, Gen. Cedras pointed out that it was not too late to save the Governors Island agreement. The Army commander demands that the terms of the agreement be respected by all parties, including the international community. Gen. Cedras indicated that U.S. President Bill Clinton is not well informed, to have stated this week that President Aristide respected the Governors Island agreement.

Evans Paul Urges Cedras To Resign, Addresses Army

FL1410234393 Port-au-Prince Radio Metropole in Creole 2000 GMT 14 Oct 93

[Text] Port-au-Prince Mayor Evans Paul asks Army chief General Raoul Cedras to resign. While he congratulates all the National Front for Change and Democracy [FNCD] elected, he asks for security for all military so that they themselves can assure security. Let us listen to Evans Paul, speaking on behalf of FNCD:

[Begin recording] FNCD congratulates all senators, deputies, mayors, communal sectors, and partisans in the country and abroad for their perseverance in the Haitian people's struggle for the return of democracy and of President Jean-Bertrand Aristide on 30 October.

FNCD encourages General Cedras to resign without delay tactics, as provided for in the Governors Island Agreement. FNCD agrees that all Army soldiers and

officers should have security, and reminds all military that their principal role is to guarantee the security of lives and property. FNCD asks the military to be careful about those with personal interests, who pretend to be nationalists but will cause foreign forces to destroy the Army, as happened in Panama in 1989. FNCD wants all military personnel to understand that if Gen. Cedras signed this agreement, it was because he had found guarantees for himself, the Army, and all others who staged the coup d'etat. FNCD hopes that the new commander in chief who President Aristide will appoint will help the Army fulfill its role—to extract all hired thugs, as provided for in the Constitution.

FNCD asks the population to remain mobilized with order and discipline, without violence, with sound dialogue, and without low blows in order to unite in the work of rebuilding the country, with the support of everyone, Haitians and foreigners, who respect the rules of the democratic game. [end recording]

Parties Seek Malval Resignation, Mass Mobilization

FL1510005693 Port-au-Prince Radio Metropole in French 2200 GMT 14 Oct 93

[Text] The 11 October Revolutionary Committee demands the resignation of the Malval government and the withdrawal of the civilian mission. Satisfied with the decision of the U.S. Government to withdraw the ship Harlan County from Haitian territorial waters, the Council asks the population to remain mobilized until final victory. This group of parties, including the Revolutionary Front for Haitian Development and Progress [FRAPH] and the Assembly of Democrats for the Republic [RDR] demand the immediate withdrawal of the civilian mission, and calls on the population to boycott its members by any means, including refusing them access to public markets, supermarkets, gas stations, restaurants, and public transport.

These parties also demand the immediate resignation of the Malval government, guilty according to them of high treason for having asked for occupation of the national territory.

Finally, the 11 October Revolutionary Committee has declared its permanence, beginning 14 October, and threatens to use a general strike if the Malval government refuses to resign in the meantime.

Army Asks Former Les Cayes Military To Convene 15 Oct

FL1410232393 Port-au-Prince Radio Tropic FM in Creole 2200 GMT 14 Oct 93

[Text] In Les Cayes, the population is living in fear. The Army has issued a note in the Department of the South. Our correspondent has details:

[Begin recording] A communique from the military department was issued over local radio for all discharged and retired military who are not over 50 years of age to convene in the Jean-Jacques Acao barracks in Les Cayes on 15 October.

In this communique, the military authorities did not give a reason for the convening of the former military. On 13 October, the chiefs of sections in almost every area of the South Department participated in a large meeting in Les Cayes barracks. Nothing came of this meeting.

In any case, the population does not view the meeting with the chiefs of sections on 13 October, or the convening of former military scheduled for 15 October, as boding well.

Caputo Blames Haitian Army for 11 Oct Incidents

FL1510013993 Port-au-Prince Radio Metropole in French 1600 GMT 14 Oct 93

[Text] In Port-au-Prince, mediator Dante Caputo met with the news media about an hour ago regarding the reordering of the UN sanctions against Haiti. The mediator makes the military responsible for the reimpositon of sanctions. Rotshchild Francois filed a report:

[Francois] For Dante Caputo, these sanctions represent mechanisms used by the United Nations to enforce the Governors Island Agreement. Dante Caputo accused the Haitian military of being responsible for this situation. He named General Cedras and the head of the Port-au-Prince police. Dante Caputo also criticized the sectors that are supporting the military in Haiti.

[Begin Caputo recording] A small group of people are responsible today for the following things:

First, violation of the Governors Island Agreement; second, interruption of international financial cooperation; third, the UN Security Council decision to reimpose sanctions. They are therefore responsible for the suffering of the Haitian people. How many people benefit from this situation? The seven and a half million Haitians, or the three or four hundred people, hired thugs, fake nationalists, crooks [mafiosi] who are linked to criminal economic dealings and repression. [end recording]

[Francois] Those were statements by Dante Caputo who today confirmed during his news conference that Canadian policemen should leave for Ottawa, but could return to Haiti at any time. Dante Caputo does not believe that the UN mission is dead. He also pointed out that 30 October is still possible.

Manning: Caricom Leaders 'Collectively Support' NAFTA

FL1410004093 Bridgetown CANA in English 2228 GMT 13 Oct 93

[Text] Port-of-Spain, Trinidad, 13 Oct, CANA—Caribbean Community (Caricom) leaders will collectively support the North American Free Trade Agreement (NAFTA), Trinidad and Tobago's Prime Minister Patrick Manning said Wednesday.

Manning, who hosted a two-day summit between leaders of the 13-member community, the Suriname vice president, and the presidents of Mexico, Venezuela, and Colombia said: "At any rate, the general consensus today was that the NAFTA arrangement is an arrangement to which we all subscribe." NAFTA is a free-trade accord involving Canada, United States, and Mexico. It is aimed at being an hemispheric undertaking.

"Its an arrangement to which we all subscribe and we want to make the point very forcefully to all those who wish to hear," Manning said. The Trinidad and Tobago leader, along with other Caricom heads of government, have in the past expressed fears about the impact NAFTA could have on trade to the United States. The leaders expressed those fears when five of them met United States President Bill Clinton in August.

But Manning said whatever difficulties countries felt they may have with the free trade arrangment, "we feel we can iron these things out at various levels." He added: "The message that has come out of the meeting, therefore, is that we support the NAFTA arrangement and would like to see it going places as soon as possible."

Deputy Secretary Assures NAFTA Compatible With GATT

PA1410173093 Mexico City NOTIMEX in Spanish 0920 GMT 14 Oct 93

[Text] Mexico City, 14 Oct (NOTIMEX)—Deputy Foreign Secretary Javier Barros Valero has stated that the North American Free Trade Agreement (NAFTA) "is compatible with GATT rules," adding that, far from being a commercial fortress, NAFTA is an opportunity for other countries to increase their investments in Mexico.

Barros Valero made these comments when he met with a group of Indonesian parliamentarians headed by Surjadi. He also explained the benefits of increasing investments in Mexico. At the meeting, the officials discussed bilateral relations, which are already 40 years old, and cooperation agreements in various areas.

Barros Valero outlined the Mexican Administration's current economic reforms, macroeconomic policy, fiscal discipline, and the social achievements obtained by the National Solidarity Program, as well as the extent of the administration's political modifications. He also expressed his appreciation for the support received from Indonesia and its interest in participating in regional cooperation programs of the Pacific Basin.

Barros Valero recalled that Mexico has formed part of the Pacific Basin's Economic Council since 1989 and the Economic Cooperation Council since 1991. He added that his country is in the process of joining the Asian-Pacific Economic Cooperation Forum.

The Indonesian parliamentarians reiterated to Barrios Valero their government's invitation to President Carlos Salinas de Gortari to visit Indonesia next year.

Political Parties Criticize 'Operation Blockade'

PA1510051093 Paris AFP in Spanish 0440 GMT 15 Oct 93

[Text] Mexico City, 14 Oct (AFP)—Six political parties on 14 October criticized "Operation Blockade" being conducted by the U.S. police on the border with Mexico to prevent Mexican illegal aliens from crossing, the Mexican Congress said in a communique.

The operation "increases the feelings of discrimination and the outrages against human and labor rights of our fellow countrymen," points out the declaration by the six political parties of the Congress.

Among the parties signing the document are the Institutional Revolutionary Party (the ruling PRI), National Action Party (the conservative PAN), and the Democratic Revolutionary Party (the PRD, of the center left), the three main political forces of the country.

Approximately 400 members of the Border Patrol are participating in "Operation Blockade," that began exactly 24 days ago in El Paso, which borders on Ciudad Juarez, and it affects thousands of Mexicans who illegally cross the border to do temporary jobs in the United States.

The parties rejected "the interpretation that connects such immigration to the incidence of crime in El Paso, not only because it is unfounded but because it entails an atmosphere of tension for Mexican workers living in the neighbor to the north and it does not recognize their significant contribution to the growth of that economy."

They also stated that that immigration phenomenon must be viewed from a "human and economic perspective, without simple prejudice that ignores the importance of bilateral relations."

The parties demanded U.S. authorities concentrate "their efforts on criteria compatible with the government mechanisms of respectful dialogue and cooperation to discuss bilateral immigration issues so as to avoid the appearance of points of tension and conflict."

According to unofficial estimates, approximately 1 million Mexicans travel annually to the United States in search of a better life and many of the undocumented workers return to the country upon concluding their contracts in U.S. fields.

El Salvador

Civilian Police Begin Working in San Miguel Department

PA1310130893 San Salvador LA PRENSA GRAFICA in Spanish 9 Oct 93 p 5

[Text] After the National Police, PN, transferred command and retreated, 379 agents of the new National Civilian Police [PNC] started to work in San Miguel Department yesterday. The transfer of command took place yesterday at the city's central park. Presidency Minister Dr. Oscar Santamaria, PNC Director Jose Maria Monterey, and other civilian and military authorities presided over the ceremony.

Monterey said: I am very pleased to preside over the transfer of command from the National Police to the PNC in the city of San Miguel. This transfer gives continuity to the provisions of the peace agreements on the deployment of this new security force throughout national territory.

In this case, he added, we will comprise two stations—one in North San Miguel and one in South San Miguel—because San Miguel is a larger department and needs a larger police force than those forces deployed in other departments.

The larger police force in this city, Monterey added, "will allow us to react faster" to citizens' calls. Besides, this contingent will have 15 cars, as well as 10 motorcycles, properly equipped with their own communications system to serve more efficiently.

Miguel Angel Varquero Rivas, subcommissioner in charge of this department, said the 379 members who yesterday received the transfer of command from the PN will be deployed to Ciudad Barrios, Chinameca, El Transito, San Luis de la Reyna, Carolina, Chirilagua, and Uluazapa.

As for the transfer of command, Dr. Oscar Santamaria underscored that "this ceremony is one of the most significant acts in civilian and political history of the eastern zone," especially in San Miguel Department, because this was considered an important part of the efforts designed to bring about the deployment of this new police corps.

Monterey said the next deployment of the new PNC will take place on 28 October in the eastern Usulutan Department.

"With this new deployment, the eastern zone will be almost entirely covered. The new police corps was previously deployed to La Union, Morazan, and San Miguel, where it is working successfully," he pointed out.

Guatemala

De Leon Counters URNG Rejection of Peace Plan

PA1510043093 Guatemala City PRENSA LIBRE in Spanish 14 Oct 93 p 2

[Text] President Ramiro de Leon Carpio last night told PRENSA LIBRE the government's peace plan is consistent and realistic; adding he will not acknowledge the Guatemalan National Revolutionary Unity (URNG) commanders' rejection of the government proposal.

He added that if the rebels have adopted such a decision it is UN Secretary General Butrus Butrus-Ghali's duty to notify him publicly and clearly, because he is the international moderator of the talks.

The plan proposed by the government is "perfectly well analyzed and planned, because its three focal points allow all the social groups' participation in the search for solutions to the national problems. What we seek is the achievement of an overall peace rather than the absence of bullets," the president said.

President De Leon said he has great hopes for the international mediation in the conflict because this will allow an end to the internal military conflict that has prevailed for 30 years and has only left destruction, desolation, and death.

Monsignor Rodolfo Quezada Toruno, conciliator of the peace talks between the Guatemalan Government and the URNG, last night abstained from commenting on the guerrilla commanders' rejection of President Ramiro de Leon Carpio's peace plan.

When consulted over the telephone concerning this topic, he said "the issue is too complex and I would rather not comment; I must carefully analyze the URNG's reply and later refer to it." He added that it will possibly take him several days to issue any comment in this regard.

Attorney General Files Writ of Unconstitutionality

PA1510023293 Panama City ACAN in Spanish 2348 GMT 14 Oct 93

[Text] Guatemala City, 14 Oct (ACAN-EFE)—The Attorney General's Office today filed a writ of unconstitutionality against the decision by five magistrates to suspend provisionally the plebiscite convoked for 28 November within the purge process promoted by President Ramiro de Leon Carpio. In addition, the same office announced that it will initiate criminal action against the magistrates because they committed several crimes including "usurpation and prevarication."

Attorney General Telesforo Guerra explained today that he filed a writ of unconstitutionality against the decision of the magistrates who filed an amparo on behalf of a group of deputies who feel they are affected by the plebiscite which also seeks to purge the Supreme Court.

According to Hector Luna, secretary general of the presidency, the legal actions by the Attorney General's Office will allow not only holding the referendum, but will also give more legitimacy and institutional support for the process. The actions were presented before the Constitutionality Court, the highest ranking court in Guatemala, he said.

The attorney general charges Magistrates Ana Maria Vargas, Leticia Rodriguez, Angel Alfredo Joaquin Quiyuch, Romeo Alvarado Polcano, and Benjamin Rivas Barato with "prevarication." According to Guerra, the deputies' amparo should have been received and solved by the nine justices of the Supreme Court and not just five. Luna also said that the justices should not have received the writ because they are part of the process that the president is promoting to purge the congress of 116 deputies and the court.

CC Reinstates Congress President Lobo

PA1510044393 Guatemala City SIGLO VEINTIUNO in Spanish 14 Oct 93 p 5

[Report by Carmen Aida Ibarra]

[Text] The Constitutionality Court [CC] yesterday granted a definitive amparo writ in favor of Deputy Jose Fernando Lobo Dubon, reestablishing his juridical position as president of Congress. This action invalidated the action of a group of lawmakers who tried to oust Lobo on 5 September.

For the purposes and fulfillment of this resolution, the CC ordered the deputies who attempted to disavow Lobo as Congress president to abstain from blocking the normal development of the functions of the legally elected Congress Board of Directors. The CC also asked deputies to fulfill this ruling under the warning of imposing fines totaling 4,000 quetzals against each of them in case of noncompliance, without having any bearing on the legal responsibilities.

This way, the CC confirmed the provisional amparo writ granted in favor of Lobo shortly after more than 60 deputies disavowed him for allegedly leaving office. They elected Arturo Soto Aguirre as new Congress president, thereby worsening the political crisis in the legislature.

Committing Crimes and "A Hand Coup" Surface

The definitive amparo was granted considering that Lobo Dubon legitimately exercised his duties to adjourn the said plenary session. Thus, Lobos's withdrawal from the Congress building does not represent an abandonment of office.

By virtue of this, the CC continued, the alleged disavowal of the Congress president represents an arbitrary action, violates Article 12 of the Constitution, and limits the right to exercise the post for which he was legally elected; these were some of the laws violated by the group that tried to oust the Christian Democracy deputy, the definitive ruling cited.

When referring to the resolution issued in his favor, the president of Congress said the CC has confirmed there was a technical coup or "hand coup" by a group of deputies. He added these deputies, directed from the Presidential House, attempted to seize the Legislative Branch by way of usurping functions.

Given that the CC confirmed the violation of several laws by the de facto Board of Directors, led by Soto Aguirre, the president of Congress explained he will continue the legal actions initiated at the time they tried to oust him.

Guerrillas Blow Up Siguacan Bridge

PA1410225893 Guatemala City Teleonce Television in Spanish 1900 GMT 14 Oct 93

[From the "Telepress" newscast]

[Text] A guerrilla commando blew up a road that leads to the Pacific this Thursday [14 October] morning. The attack occurred at km 125 where two powerful explosions caused the destruction of the Siguacan Bridge, also known as Puente Seco Dos in the jurisdiction of Rio Fravo, Suchitepequez. Damage is estimated at 1.5 million quetzales. The vehicular traffic has been diverted to Tiquisate, Nueva Concepcion, and onto the highway leaving Cocal.

The attack occurred one day after the Guatemalan National Revolutionary Unity announced its rejection of the government peace plan.

Nicaragua

Chamorro Urges Armed Groups To Surrender Weapons

PA1410125593 Managua Sistema Nacional de Television Network in Spanish 0230 GMT 13 Oct 93

[Report by Vilma Estrada from the "National" newscast—passages within quotation marks recorded]

[Text] In a statement to journalists today, President Violeta Chamorro urged armed groups to surrender their weapons and to change their attitude, which she said begets violence.

[Chamorro] "I never tire of telling them that there is still a chance for them to lay down their weapons to enable us to live in peace and that we do not want to see any more deaths. There is still time to bury the hatchet in order that we can live in peace. I have always said that there had to be a deadline. If some people—El Chacal [Jose Angel Talavera] or any other person—do not want to

surrender their weapons, we must still look for a solution. I hope and have confidence that he will understand."

President Chamorro also confirmed her participation in the Central American Presidential Summit scheduled to be held at the end of October in Guatemala.

[Chamorro] "I presume the topic to be discussed in Guatemala will be how to achieve customs exemptions and free trade for all Central Americans. We also will make arrangements so that, whenever it is feasible, all Central Americans can have common identification documents to prevent them from necessarily carrying a passport. Overall, we will deal with promoting more unity among all Central Americans."

Regarding the possibility of establishing a socialist model, President Chamorro stated the following:

[Chamorro] "I believe we are following a democratic model. I do not think anyone wants a socialist model, because socialism is already past history."

President Chamorro also announced the arrival of U.S. Senator Christopher Dodd, with whom she will meet.

BARRICADA Notes 'Tense' Situation in Quilali

PA1410215693 Managua BARRICADA in Spanish 14 Oct 93 pp 1, 12

[Report by Noel Irias and Oliver Bodan]

[Text] The possibility of an offensive by the Sandinist People's Army [EPS] against the 3-80 Northern Front has local residents tense and has paralyzed transportation between San Juan de Telpaneca and Quilali.

The Northern Negotiation Commission, [Comision Negociadora del Norte] made up of the International Commission of Support and Verification (CIAV-OAS), Cardinal Obando's Commission, the Nicaraguan Civic Movement, and human rights committees, yesterday urged the government and the rearmed groups to set aside their "radical attitudes" and seek a solution to the "possible war."

During a news conference held yesterday evening at the Managua office of the CIAV-OAS, commission members voiced their alarm over what is happening in the country's northern region, since "the military deployment is very strong, and we are getting perilously close to the brink of war. We are nearing the end of the possibility of a negotiation. We are making a strong and urgent plea to both sides because if violence erupts again innocent peasants will be the chief victims."

The Commission reported that it will discuss its proposal for flexibility with the Government and the 3-80 Northern Front and offered to arrange a meeting before Sunday to try to solve the armed conflict.

Last night, our correspondent in Esteli reported that a military convoy of 30 trucks was headed north. Major Maximo Zeledon, chief of the General Staff of the Army's 1st Military Command, was asked about the convoy's destination and tersely replied: "There go the troops."

Lieutenant Colonel Ricardo Wheelock, the EPS spokesperson, had this to say on the matter of an immediate military offensive against the 3-80 Northern Front: "No comment. There is no Army offensive."

Meanwhile, Jose Angel Talavera, "El Chacal," told BARRICADA he "is adhering to this point of demobilizing in proportion to government compliance with the agreements made," and harshly criticized Government Minister Alfredo Mendieta for refusing to accept on 10 October a 48-hour truce to continue the talks.

Talavera insisted that "he is willing to hold talks," although there is no climate to conduct them so long as no agreement is reached on "the provisional security zones in El Zungaro, Matagalpa, and Chontales, and the Army is stationed [as published] in its departmental bases. Our enemy is the government. We are not interested in attacking the Army and causing new bloodshed," "El Chacal" indicated. In addition, he accused General Humberto Ortega and Major General Joaquin Cuadra Lacayo of instigating the government ultimatum.

BARRICADA confirmed yesterday that bus owners do not dare circulate because they fear the irregulars will damage their vehicles or, worse, that they will fall into an ambush or be caught in the crossfire of a possible attack.

Twelve hours before the expiration of the deadline given by the government for the disbandment of "El Chacal's" troops, the climate of war that exists in the zone is more keenly expressed among the Quilali residents.

Meanwhile in Managua, Sergio Ramirez, leader of the Sandinist National Liberation Front [FSLN] bloc and member of the FSLN National Directorate, yesterday invited the Political Council of the National Opposition Union "to issue a joint call to avoid a new outbreak of violence in the country's northern region."

EPS Patrol, Recontras Clash in Yali, Condega

PA1410204793 Managua Radio Sandino in Spanish 1830 GMT 14 Oct 93

[From the "Radio News" newscast]

[Text] The Sandinist People's Army [EPS] in Esteli has reported a clash between an EPS patrol and recontras, who ambushed the patrol in Yeluca, between Yali and Condega. According to the report an EPS surveillance patrol moving between Condega and Yali was ambushed by a group of recontras under the command of Nortiel. Preliminary reports say two EPS soldiers were wounded.

In other action, a convoy of EPS military vehicles moved through Esteli last night, heading toward Quilali. At least 30 heavily equipped EPS trucks headed toward Quilali.

Meanwhile, 60-year-old Francisco Modelo Torres, an important rice producer, was kidnapped this morning by a group of heavily armed men wearing military attire. The kidnappers intercepted Torres as he approached La Trinidad Municipality. The incident occurred at approximately 0700 when the farmer was moving to one of his plantations in Cebaco Municipality. The kidnappers have not contacted Torres' relatives, and his whereabouts are still unknown.

On 13 October, another group of unknown people freed (Fausto Aberruz Gonzalez), who is a farmer from Monte de los Olivos, Nueva Segovia, after holding him for three days. Gonzalez' relatives paid 10,000 cordobas in cash to secure his release.

Commission Favors Peaceful Solution in Northern Region

PA1510034693 Managua LA PRENSA in Spanish 13 Oct 93 p 14

[Report by Adolfo Olivas Olivas]

[Text] Quilali—A peace and negotiation commission, made up of different national party leaders and delegates of the Nicaraguan Resistance [RN], has issued a communique in this municipality of Segovia, rejecting the military option as a solution to the problems of the northern region and expressing themselves in favor of a negotiated solution to avoid an unnecessary bloodbath between the conflicting parties.

The leaders of different RN sectors, who were designated by their rank and file to contact 3-80 Northern Front leaders and representatives of the government and of the commission, voiced their concern that the current crisis might escalate into a new civil war that would not benefit peasants of the affected regions at all.

Fernando Avellan, official spokesperson for the RN Peace and Negotiation Commission, said that they will make every effort so that the difficult situation in the northern region is resolved through a peaceful and negotiated solution. He said the commission members are keeping close watch on the situation.

Avellan came out in favor of demobilization of the 3-80 Northern Front. Obviously, however, the 3-80 Northern Front lacks confidence, because nobody can guarantee its members their personal safety and that of their families, recalling the experience of over 200 demobilized RN members who have died under different circumstances.

Transportation Minister Vigil Discusses Strike

PA1410144893 Managua Radio Nicaragua Network in Spanish 1640 GMT 13 Oct 93

[Telephone interview with Construction and Transportation Minister Pablo Vigil Icaza by Adolfo Pastran Arancibia, director of Radio Nicaragua; place not given—live]

[Text] [Pastran] Mr. Minister, there is a lot of confusion about the reasons for today's strike only in the city of Managua by a group of transportation workers despite the fact that last night another group of transportation workers, who provide cargo and passenger service and form part of a cooperative, signed an agreement with the deputy minister of construction and transportation. What is the true situation? Why have they gone on strike?

[Vigil] Thank you, Pastran, for giving me this opportunity to explain to the people the situation so far regarding the transportation conflict. We must clarify that we are working here with two groups of transportation workers, what we consider the democratic groups, which include the majority of the transportation federations: Fetracanic [Nicaraguan Truck Drivers Federation], Fetracolnic [Nicaraguan Mass Transit Drivers Federation), and the Canitran [Nicaraguan Chamber of Transportation]. At no time have these federations joined the strike. We are also working with the National Commission of Ground Transportation Cooperatives, which include the (Parales Vallejos) cooperative.

Since last week we have been calling on these various federations, seeking to reach an agreement in point three, which is the only one that was left pending from the agreements signed on 22 and 24 September. Point three reads, and I quote: The Construction and Labor Ministries, together with all the groups representing the transportation cooperatives and the National Commission of Group Transportation Cooperatives, will create the special conditions for revising the regulations on transportation and cooperatives without harming what has been established in current laws while the new laws of transportation and cooperatives are issued. This point has to be definitely solved based on the creation of these commissions with all, absolutely all, the federations.

These men of the commission insist they represent the entire transportation sector and disavow the representatives of the democratic sectors. They have been on strike since Monday, because they insist that we negotiate point three with them; in addition, they have raised 10 points that call for the elimination of certain routes and taxi cooperatives and other issues that cannot be negotiated bilaterally with a group but with all the groups.

That is why we have been unable to reach any agreement with them, even though we have had two meetings, and we still have another meeting slated for 1400. We want to explain to them the reasons why the government cannot consider them the representatives of the entire

transportation sector, inasmuch as they do not represent even 20 percent of the cooperatives that are involved in the transportation business.

[Pastran] We understand that the cabinet members are evaluating the situation. What measures will the government adopt to establish order in the city of Managua and prevent anarchy, as well as to protect transportation users?

[Vigil] Yesterday and the day before, they merely stopped their units. They are seeking, however, to exert more pressure, as they think that by increasing pressure they could obtain support for their points in this afternoon's meeting. They think they can make us believe they represent more sectors than what we recognize. They are trying to do this by using mechanisms of intimidation, blocking the streets, and terrorizing other transportation workers so they will not go out and thus join this strike out of omission.

That is what they started to do this morning, right? They wanted to prove their might, flexing their muscles so to speak, and to prevent other routes and cooperatives that do not support the strike from going out and providing their usual services to the public. They want to make it appear they represent the whole transportation sector. We strongly reject those terrorist tactics, because by resorting to intimidation they are definitely forcing others to abstain from working.

The government held a meeting this morning—the meeting has just concluded—to assess the situation in the city, because the rest of the country is totally calm. There have been some attempts to place roadblocks to prevent taxi drivers from offering their services and to obstruct certain bus routes in certain sectors of Managua, mainly the eastern zone of the city. We have just concluded a meeting in which we decided to conduct a series of actions.

We will evaluate the situation with the public order forces, and we are studying measures the ministry is empowered to implement to penalize those who are involved in this type of action. We will hold a news conference with all the media this afternoon, probably in the early evening hours, so that the public may learn what measures the government will implement to guarantee the public's free circulation, to guarantee the safety of vehicle owners or cooperatives that want to work, and to guarantee free transit through the city.

[Pastran] Mr. Minister, it is said that part of the measures you will announce at noon today, or later today, include the use of Army and police forces to restore order at the national level.

[Vigil] That is what we will begin to discuss now with the appropriate authorities. We will see if this is necessary. We believe the public forces must intervene now to provide the necessary guarantees. They will tell us what possibility there is of doing this and how the Army can work in conjunction with the police.

The government must be serious and responsible and guarantee that the people in general will be able to travel freely. We cannot let minority radical groups use violence to create chaos and anarchy. We will not tolerate situations like the previous rebellion, and we will adopt all the necessary measures; nevertheless, the option of a dialogue is still open. We will continue the meeting at 1400, and we will explain the terms in which the talks should continue, because we simply cannot let anyone violate the agreements we signed yesterday with various leading transportation groups.

The agreements are aimed at solving point three, dealing with the creation of the National Transportation Council, which allows the participation of everyone, including these people in the commission. The council will settle a series of problems in that sector, dealing with the organization of transportation activities, bus routes, the excessive number of taxi permits, and other related issues.

Dr. Gustavo Tablada participated in the meeting last night as guarantor of the agreements, and he can guarantee the government's strict compliance with all the agreements. Point number three of the 24 September agreement has been the crux of the problem, because, like I explained earlier, it must include the participation of all the sectors to comply with the agreement. The government cannot comply with this point in the 24 September agreements in a unilateral way.

[Pastran] One more question, Mr. Minister. During the previous transportation strike, which seriously hurt the country's economy and paralyzed a large portion of the territory, there was clear evidence of political manipulation. Is the transportation sector likely to hurt the country's economy and the government through disturbances in Managua for political reasons?

[Vigil] As you said, in the previous strike there was evidence of political support by people who backed Daniel Ortega in the placing of roadblocks, coordination, and later in the negotiations. We do not think politicians are generally backing the strikers. We do believe, however, that these groups want to create a leadership in the sector, even if it is through intimidation and violence. They want to take upon themselves the right to represent the transportation sector, so that they can be the only ones who talk with the government, the only ones with the right to allocate or take away routes or cooperatives, all of which would give them great power. We cannot tolerate this, because there are other sectors and the government must take all of them into consideration equally.

This complete support has not been expressed fully and openly. The situation has not yet reached the level of disturbance but could escalate later if these people do not listen to reason. We are willing to find a solution. Their position in the meetings of yesterday and day before yesterday has been very adamant. They do not want us to accept the other federations in the meetings. This is why

we have had to negotiate separately with each of them; nevertheless, we will be unable to settle point three and create a council if they maintain this stand. Consequently, there is a very difficult situation. We will have to explain to them clearly the government's current point of view.

[Pastran] One more question. Do you people have a report on the true situation of transportation in the country?

[Vigil] We have made an assessment at the General Transportation Directorate. The situation in the country's interior is normal. In the eastern area of Managua, several vehicles of the cooperatives willing to work, as well as taxis already operating, have been damaged. There have been some commando-type operations against these vehicles. We have been deliberating on the Public Force's operations to guarantee the drivers' and the people's right to freedom of movement and to ride in public transportation vehicles.

FN 3-80 Urges Compliance

PA1510032593 Managua LA PRENSA in Spanish 13 Oct 93 pp 1, 14

[Article by Abelardo Sanchez and Rosario Mendoza C.]

[Text] Members of the 3-80 Northern Front [FN 3-80] have warned the people of the municipalities in Nueva Segovia that they will be risking their lives if they travel to the interior of the country or vice versa, according to a communique issued by the rearmed group.

A document circulating yesterday, Tuesday, signed by "Charro" [not further identified], "Northiel" [nom de guerre for Roberto Garcia Castro], "Chilimate" [not further identified], "Musum" [not further identified], and "Pablo" [not further identified]—all of them members of the 3-80 Northern Front—announced that as of today measures will be taken to halt transportation in this northern department.

The measures include burning vehicles and other actions they could carry out to support the transportation strike, but they say they do not want to regret any loss of human lives.

Likewise, the communique warns the residents of Nueva Segovia not to step outside their homes until they receive further notice in another communique. At the same time, they notify the owners of gasoline stations that they must not sell fuel. Many persons in the area think that today, the 13th, is an unlucky day, and therefore they prefer not to run their automobiles.

Many consider the measures announced by El Chacal [Jose Angel Talavera] and his people are an answer to the government minister who gave these rearmed individuals a deadline of 2400 on 12 October to demobilize.

Meanwhile, it was reported from Quilali that the situation is very tense over what might happen within the next few hours. There is a shortage of food due to a lack of transportation.

The people in Jalapa also face serious problems, complicated further because they have not had any electricity in nine days inasmuch as power pylons were blown up. To this effect, the INE [Nicaraguan Institute of Energy] has not tried to restore service for fear of further actions, and because of the risk involved for the staff members who work in that area, sources said.

There is no drinking water in Jalapa either, as a result of the power outage. Because the equipment cannot operate, the people are drinking water from the river and there is a threat of a cholera epidemic and other diseases, the sources added.

Captain Rafael Ramirez, chief of the EPS [Sandinist People's Army] Regional Command in Nueva Segovia, said that the Army cannot go into action to fight the recontras until it receives orders. Therefore, the EPS remains alert to protect the people and their property.

Meanwhile, Capt. Alejandro Diaz reported that at this time measures are being taken to protect the people in the city as well as the institutions, gas stations, and other infrastructures of the city. We are doing all of this to provide as much protection as possible and prevent a possible attack by the armed groups, he concluded.

Other Affiliates Join

PA1510005693 Managua Canal Cuatro Television in Spanish 0300 GMT 14 Oct 93

[From the "Extravision" newscast]

[Text] Affiliates of the National Transportation Commission of Esteli, Matagalpa, Juigalpa, Chinandega, and Leon, among others, confirmed tonight they will join the general transportation strike beginning tomorrow. They appealled to the police not to use violence because their protest is peaceful.

PLI's Navarro on Suspension of UNO-FSLN Dialogue

PA1510013493 Managua Canal Cuatro Television in Spanish 0300 GMT 14 Oct 93

[Interview with PLI President Wilfredo Navarro by Roger Leon Carranza from the "Extravision" newscast; place and date not given—live or recorded]

[Text] [Carranza] The National Opposition Union [UNO] has abandoned its talks with the Sandinist National Liberation Front [FSLN] because the Sandinists brazenly recognize the corrupt buccaneers and the military law reportedly seeks to let Humberto Ortega [commander in chief of the Sandinist People's Army, EPS] stay in his post much longer.

Here is PLI [Independent Liberal Party] President Wilfredo Navarro. He will give us details about the UNO decision to abandon talks with the FSLN.

[Navarro] The talks per se represent no danger because UNO leaders know where we stand and the kind of opponents we have. I believe UNO leaders are not concerned about this. What we do worry about is the situation caused by the FSLN behavior. I think the talks will not be resumed on Monday.

I say this given the FSLN's unpolitical behavior and the fact it somehow seems to oppose all kinds of negotiations. The minute the FSLN signs an agreement with UNO it turns around and signs other agreements with corrupt deputies who violate the letter and spirit of the agreements signed with UNO. The FSLN has failed to make any corrections regarding agreements signed with corrupt deputies contradicting a specific topic that is essential for us.

The agreement signed between UNO and the FSLN says that, once the military reorganization law is approved, Humberto Ortega will leave the Army—that was the condition requested by Humberto to leave, meaning the law's approval to guarantee the stability of all the other military members.

The FSLN and the corrupt deputies signed an agreement where they say the military law will establish the term for Gen. Humberto Ortega's permanence. This is contrary to agreements we signed and it also contradicts the agreements for changes in the constitutional framework and agreements on certain issues that were signed with UNO. That is why UNO debated the situation today and I believe we will suspend negotiations with the FSLN until it clearly explains that agreements signed with corrupt deputies have no validity.

We will not resume negotiations with the FSLN until it renounces its agreements with deputies who were bribed by the Executive Branch because they are responsible for the rift and crisis within the National Assembly, and we should not continue to support them. If the FSLN supports, endorses, and legitimizes them that is the FSLN's problem, but UNO will not continue to negotiate with the FSLN as long as it defends the deputies who betrayed the popular sovereignty that the people gave them on 25 February.

Panama

Union Urges Government To Renegotiate on U.S. Bases

PA1410131993 Panama City Telemetro Television Network in Spanish 1730 GMT 13 Oct 93

[Text] The Panamanian Government should seriously think about the possibility of renegotiating on the future of U.S. military bases, according to Ray Bishop, secretary general of the Local 907 [union representing Panamanian employees of the U.S. Department of Defense in the Panama Canal area]. Bishop also supported the statements made by U.S. Southern Command General George Joulwan, who said the Panamanian elections should determine whether or not the troops remain.

[Begin Bishop recording] General Joulwan has spoken very plainly. He said the U.S. presence depends on what the Panamanian people decide in the 1994 elections, and Gen. Joulwan's statement has been upheld by top U.S. Government officials in Washington. Local 907 has always tried to convince the public and the national government of the need to take advantage of the great opportunity to continue counting on revenues that far exceed $600 million. We should do this because our government currently does not have any feasible short-term or mid-term alternatives.

We insist that our government take advantage of this opportunity to negotiate on some of the bases that exist on both the Pacific and Atlantic sides in order to benefit the large majority of Panamanians. As you already know, 75 percent of the public favors a U.S. presence here in Panama. [end recording]

Civic Renewal Party Elects Leaders, Unveils Alliance

PA1410163193 Panama City EL PANAMA AMERICA in Spanish 11 Oct 93 p 1A

[Report by Juan Pritsiolas]

[Text] Dr. Tomas Herrera, presidential hopeful and top leader of the Civic Renewal Party, yesterday announced that he has formed a "group" of parties that includes the National Unity Mission (MUN), the Independent Democratic Union [Union Democratica Independiente—UDI], and the National Integration Movement (Mina).

Herrera disclosed this information following a constituent convention of the Civic Renewal Party. At the convention, Herrera was elected president, while Carlos Abadia, Sandra Escorcia, Miguel Peregrino Sanchez, and Maximo Donoso were elected vice presidents of the party.

During his speech, Tomas Herrera warned the government "is not made up of fools," adding that proof of this is the nearly $3 million cutback in the budget of the Electoral Tribunal, which could make it difficult to oversee the elections. He also said the "group" formed by Civic Renewal Party, MUN, UDI, and Mina will attempt to incorporate other parties that endorse similar principles.

Herrera explained that an important part of this alliance is that people feel comfortable because alliance members do not have "shady backgrounds." He added that members of the alliance "should even be ready to sacrifice their personal aspirations."

Some 272 delegates participated in the Civic Renewal Party's constituent convention. This was the final step the group needed to fulfill prior to being legally recognized as a political party.

National Police Nab M-20 Paramilitary Commandos

PA1410163393 Panama City LA PRENSA in Spanish 13 Oct 93 p 2A

[Report by Boris Gomez]

[Text] David—A state security organization official requesting anonymity reported yesterday that the National Police had arrested seven M-20 [20 December Movement] members over the weekend, adding that one of them had managed to escape.

The paramilitary commandos were attacking people to gather funds to cover M-20 terrorist operations. The same plan was to be carried out throughout the country by similar groups.

Police, however, foiled the first step of the terrorist plot when they arrested the first two M-20 members in Paso Ganado (Eastern Chiriqui Province). The five remaining M-20 members fled to the mountainous Soloy region, where rapidly deployed policemen were able to arrest them.

According to the report, the rebel cell included eight men and was headed by a man known as "Indio Sanchez." The M-20 movement comprises former members of the defunct Defense Forces, dismissed members of the National Police, and members of the Victoriano Lorenzo guerrilla group that fought in Nicaragua.

The terrorist operation started at 2100 on Friday, 8 October, when the group went to Paso Ganado and closed the roads leading to the house of the Nielsen family, proprietors of a store in the area. This action sparked a clash where several people, including several of the assailants, were injured. According to information received, the men were hooded and carried .22-caliber and .38-caliber weapons.

Charles Nielsen, a member of the family under attack, was injured by a bullet, but he is already out of danger. One of the assailants, Alberto Marcelino Melgarejo, who was arrested in Paso Ganado, was shot in the face with a .22-caliber rifle. Our source added that Melgarejo was hospitalized yesterday at the Regional Hospital in David.

The search for the assailants continued throughout the entire weekend, as the rebels took separate routes when they reached the mountain area. At noon on Saturday, a National Air Service helicopter combing the area brought the first two terrorists to the public jail in David, the source added.

The source also reported that the group had received orders in Panama City to carry out several hold-ups and that their next objective was to attack a truck of a bottling company in David. The details of the plan were obtained during testimony rendered by one of the former soldiers who was arrested. The source added that the case is in the hands of national security organizations.

Domestic Radio Stations Create Umbrella Organization

PA1410160093 Panama City LA ESTRELLA DE PANAMA in Spanish 13 Oct 93 p 5B

[Report by Fernando Nunez Fabrega]

[Text] The National Radio Chamber [Camara Nacional de Radio—CANARA] was founded yesterday with the membership of 42 radio stations throughout the country, a majority of stations in the industry. Fernando Nunez Fabrega will preside over CANARA, and its Board of Directors will have nine members.

CANARA's legal status was granted yesterday by Government and Justice Minister Don Juan Chevalier at a ceremony held in his office. CANARA's Board of Directors, aside from Nunez Fabrega, comprises Alonso "Bucho" Pinzon as vice president; Alcibiades Lopez as secretary; Eduardo Fernandez as treasurer; Rogelio Morales as deputy secretary; Italo Rojas as deputy secretary; and Carlos Ivan Zuniga, Manuel Cohen, and Damaso Villanueva as directors.

The stations that make up the new CANARA are 88.5 Estereo, Radio Guadalupe, Radio 10, Bahia Estereo, Radio Mia Cadena Nacional, Tropical Moon FM, Radio Soberana Civilista, Estereo Selecta, Ondas Centrales, La Voz del Istmo, Radio Vida, Radio America, Radio

Panamericana, Radio Mundial, Radio Poderosa, FM99, Radio Escuela Millonaria, Radio Peninsula, Radio Rock, Radio Sabrosa, RM Estereo, Radio Provincias, Ondas del Caribe, Radio Belen, Metro FM, Radio Veraguas, Radio RCN, Radio Sensacion, Estereo Efe, Radio Republica, Tricolor Estereo, Radio Luz, Voz de Panama, Radio Mensabe, Estereo Colosal, Ondas de David, Radio Chiriqui, Ondas Chiricanas, Estereo Oeste, Radio Ritmo, Radio Inolvidable, and Estereo Laser.

The new Board of Directors plans to focus on the development of the radio industry in three areas. First, it plans to establish schemes that increase billing accounts in all radio stations, regardless of size or location; second, to establish a program of equipment renewal with lines of credit that enable members to broadcast clear and strong signals; and third, to return respect to the radio media among announcers and the public in general.

Correction to Tribunal President on Joulwan's Remarks

PA1310142593

The following correction pertains to the item headlined "Electoral Tribunal President on Joulwan's Remarks to Senate," published in the 13 October Latin America DAILY REPORT, page 26:

Column two, first paragraph, only sentence make read: ...Joulwan, commander of the U.S. Army's Southern Command [as published] stationed on the... (correcting title, adding editoral note)

Argentina

Global Trade Deficit Jumps by 'Whopping' 32 Percent

PY1510011093 Buenos Aires BUENOS AIRES HERALD in English 14 Oct 93 p 3

[Text] (DYN)—Argentina's trade gap with the U.S. is growing by leaps and bounds while its deficit with Brazil is shrinking, according to official trade figures released yesterday. The country's global trade deficit jumped up a whopping 32 percent in the first seven months of the year in comparison with the same period of 1992, the Indec government statistics bureau said.

The floating trade gap with the U.S. was the main cause for the growing global deficit. As a matter of fact, the trade deficit with the U.S. was larger than the global deficit, which was offset by Argentine exports to third countries. Exports grew by six percent, from 7.1 billion dollars in 1992 to 7.5 billion this year. Imports grew by 8.8 percent, from 7.9 billion to 8.6 billion.

Main Markets

The global trade balance was 1.1 billion dollars in the red for the first seven months of 1993, compared to only 842 million in 1992—while the trade gap with the U.S. was slightly higher at 1.3 billion dollars.

Argentina's main markets continue to be Brazil, with 1.5 billion dollars in Argentine goods, the Netherlands with 757 million and the U.S. with 682 million.

Imports from the U.S. rose to nearly two billion dollars. Brazilian imports totalled 1.8 billion, German imports 563 million and Italian goods 529 million.

Argentina's deficit with its Mercosur [Common Market of the South] trading partners, representing a quarter of the nation's total foreign trade shrunk by 72 percent in comparison with the same period last year. In the first seven months of this year Argentina has built up a deficit of only 261 million dollars with its Mercosur partners, substantially less than the 943 million in 1992.

Argentine exports to Mercosur nations rose to 1.9 billion dollars during the period, up 78 percent from last year. Imports reached 2.2 billion dollars, showing only an eight percent increase.

The trade deficit with NAFTA [North American Free Trade Agreement] member countries—the US, Canada and Mexico—registered 1.3 billion dollars in the first seven months of 1993. Imports totalled 2.1 billion dollars and exports only 858 million.

Shape of Trade

Fuels and energy exports made up 33.5 percent of total exports, while industrial manufactured goods made up 20.2 percent. Capital goods imports were up 36.7 percent over the same period last year, passenger cars imports rose 14.5 percent and consumer goods were up 5.4 percent.

Di Tella Terms UK Fishing Negotiations 'Difficult'

PY1510014193 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1419 GMT 14 Oct 93

[Text] Buenos Aires, 14 Oct (NA)—Argentine Foreign Minister Guido Di Tella stated today that the round of negotiations with Great Britain over fishing in the South Atlantic which is to begin next week will be "very difficult." He added that the candidates in the legislative elections being held today in the Malvinas Islands "are not as tough" as current officials.

This week Di Tella held several meetings with a delegation headed by British Secretary of Foreign Affairs David Heathcoat-Amory to discuss several points, although the specific talks over the fishing issue will begin next week.

Heathcoat-Amory confirmed contacts had been made on the fishing issue in the South Atlantic, which is the source of income for the Kelpers, although he said that "nothing specific was discussed on the matter."

Moreover, the Argentine foreign minister said that the anti-Argentine remarks made by candidates for the legislative elections in the Malvinas Islands "were to be expected," although he explained that "they are positions less antagonistic than those of the current authorities."

"The anti-Argentine position is very strong among most islanders, but we are going to see the possibility of establishing the bases for strengthened communications, which increased greatly this year. The officials elected four years ago in the Malvinas Islands had a position much more antagonistic than those who could be elected now, and for this reason I am optimistic concerning future dialogue," he said.

Di Tella also stressed that the level of investments achieved between Argentina and Great Britain had reached "unexpected levels." He added that this had been the central issue of the talks with the British secretary of foreign affairs, in addition to "some irritative issues, such as the lack of understanding in the south, something which worries us and to which we give priority attention, but always within an atmosphere of dialogue between friendly countries."

Di Tella said the role of the North Atlantic Treaty Organization (NATO) is to create confidence in the various foreign policies and added that it should have no influence on Great Britain's decision to lift the ban on weapons sales to Argentina.

On another topic, he said the situation of Dante Caputo is "very delicate." Caputo, former foreign minister during the Raul Alfonsin government, is the UN and

OAS negotiator for the reestablishment of democracy in Haiti. The Argentine foreign minister stressed the negotiations Caputo is conducting "while the agreement is being undermined—an agreement which was very difficult to achieve and which was very well done—because of the intolerance of the extremist sectors" that support General Raoul Cedras.

Questioned by NOTICIAS ARGENTINAS, Di Tella said, however, that the current situation of violence prevailing on the Caribbean island "will not delay" the return of former President Jean Bertrand Aristide, scheduled for the end of the month.

Di Tella stressed the Argentine Government stance on the policy of alignment with foreign countries and, for this reason, said that the NATO seminar held in Buenos Aires on global security "was very important. We feel that we had to take advantage of that forum to make known our position, and we also feel that it was a great opportunity for us to understand NATO's points of view, its problems, and the new focus being given to the Atlantic Alliance," he said.

He went on to say that "it was very important" that the second seminar was held in Argentina, the first was held in Japan, being the second time it was held outside the framework of countries which are directly involved with NATO.

Article Notes Modin Strength, Congress Goals

PY1410125093 Buenos Aires CLARIN in Spanish 12 Oct 93 p 10

[Text] Luis Saavedra, one of the members of Lieutenant Colonel Aldo Rico's inner circle, set the coffee cup on the table and told CLARIN during yesterday's warm afternoon: "People can be absolutely certain that in Congress Modin [Movement for Dignity and Independence] will be much closer to Carlos "Chacho" Alvarez and Fernando "Pino" Solanas that to General Antonio Bussi [Republican Force Party president]. We do not have anything in common with him because he is a liberal."

Three other Modin representatives besides Rico won seats in the new Congress that will begin meeting on 10 December. They are former Lieutenant Colonel Luis Nicolas Polo, housewife Liliana Ayetz, and former Captain Emilio Pedro Morello, the latter, one of the "clandestine captains" behind the 1987 Holy Week military rebellion.

The first bill Rico will present in the Chamber of Deputies will force all public servants to show in court at the end of their mandates that they have not "stolen a single peso." Rico proposes what is known in legal circles as an evidence inversion [inversion de la prueba]: Everyone is guilty until proven innocent.

In an exclusive interview CLARIN published on 10 October, Deputy-elect Polo admitted he is very interested in joining the Chamber of Deputies Defense Committee. Rico, on the other hand, admitted he would like to join the Budget Committee or the Political Trial Committee.

During his political campaign, the former rebel leader excused himself from visiting any emergency villas "because he could only offer them promises and I want to offer them solutions." Now that he has been elected, Rico intends to make a series of visits to poor neighborhoods: "I will visit them now because I can look them in the face. People in poor neighborhoods will realize that I am not coming after their votes. I am going to listen and take their complaints to Congress."

Mrs. Ayetz (third in the list of national deputy candidates for Buenos Aires Province) lives in the La Matanza neighborhood. She is the wife of Juan Rico, a Modin leader and cousin of the former lieutenant colonel. The deputy-elect promises that "education and health" will be her priority subjects.

Even though the 3 October election results did not fully please Modin leaders, they expected to get 20 percent of the votes in Buenos Aires Province, enthusiasm has returned to Rico's circle with the passing of time. Modin leaders stress their great showing in San Pedro (19.8 percent of the votes) and their good performance in agricultural areas such as Ayacucho, Necochea, 9 de Julio, and General Arenales.

Modin elected one provincial deputy from the 2d Electoral District, Heraldo Giacomelli, and three from the 3d Electoral District, retired Colonel Julio Carretto, Pedro Simonetti, and Jose Maria. Juan Jose Ferreyra and Oscar Zilocchi were elected provincial senators in the 3d District. In the 1st District, where Modin already had eight councilmen, it now will have 19.

Bolivia

Bolivian Labor Federation To Increase Pressure

PY1410113193 Madrid EFE in Spanish 2011 GMT 13 Oct 93

[Text] La Paz, 13 Oct (EFE)—The Bolivian Labor Federation (COB) has decided to increase its pressure as of today and decided not to resume its dialogue with President Gonzalo Sanchez de Lozada's administration until it stops dismissing people from state companies.

At a meeting on 12 October, Bolivian labor leaders decided to stage a hunger strike, daily protest marches, and a nationwide strike beginning 19 October to protest the policy of "administrative streamlining" the administration is implementing in public companies.

Sanchez de Losada took over as president of Bolivia on 6 August and began to implement a policy of dismissing

corrupt officials and supernumerary personnel and early retirements as a way of paving the way for privatization.

Minister Justifies Layoff Policy

PY1410220293 La Paz Television Nacional Network in Spanish 1700 GMT 14 Oct 93

[Text] The government apparently does not want to end the dismissals policy. Finance and Economic Development Minister Fernan Diaz said:

[Begin recording] The payroll of these 157,000 workers amounts to 3 billion bolivianos compared to 1.681 billion bolivianos in 1989. That is, salaries have almost doubled and this is absolutely unbearable for the Treasury.

Let us consider the consequences. If we do not reduce Treasury expenditures we will not be fulfilling our mission as government leaders because the main responsibility of a government is to safeguard the wellbeing of the majority of the people not the minority. If the government does not adopt serious measures to reduce the fiscal deficit it will have to adopt one of the following measures: Either close the state-owned companies that have deficits, which will affect all workers not just a small group, or increase taxes and gasoline prices, which will affect all Bolivians. [end recording]

Despite the social conflicts that prompted the dismissal of workers, the government has ratified the need to continue the rationalization policy. National Finance Secretary Fernando Cossio has said that the restructuring of the public sector and of public companies is necessary and justified because, between 1990 and July 1993, the central government administration created 20,000 new posts. The most serious point is that the payroll increased from 1.680 billion bolivianos in 1990 to 3 billion bolivianos in 1993, an 81-percent increase.

[Begin Cossio recording] This is the main reason for our financial imbalances. [end recording]

This is why the personnel rationalization policy was established because the government and the Treasury can no longer shoulder this burden.

[Begin Cossio recording] What is in the Treasury is the result of the taxes paid by all citizens. It is not fair to pay the deficits of state-owned companies or to pay for the inefficiency of those companies with taxpayers' money. [end recording]

The government has decided to implement the personnel rationalization policy in public companies. It will not to take a retrograde step, it will consolidate the restructuring of the state.

Agricultural Product Price Band System Stand Viewed

PY1510004993 La Paz Television Nacional Network in Spanish 1700 GMT 14 Oct 93

[Text] The Bolivian refusal to join the price band system [sistema de franjas de precios] on some agricultural products will not affect exports. The Andean countries of Venezuela, Peru, Colombia, and Ecuador will approve today the price band system for imports of products including rice, sugar, soybeans, corn, black beans, chicken, pork, and palm and wheat oil, seeking to protect their internal production.

This decision is not favorable for Bolivian interests because it is directly opposed to the current economic model and the fiscal tariff policy. Moreover, the establishment of the price band system poses a great technical question: How would it be implemented? We cannot accept anything that is not clear, especially when it is not fully transparent and definite. Exporters are also concerned that the Bolivian refusal could affect exports to Andean Pact markets.

[Begin unidentified exporter recording] We exporters will not pressure the government to join the price band system if it is not seen as being compatible with our economic model. Yet, as exporters must not lose our current markets, especially in the Andean Pact markets, namely Colombia and Peru, where our most important exports are those of the agricultural and livestock areas. [end recording]

Exporters also claim that it would be very negative for Bolivia to be treated as a third country should it fail to joint that system, while the government says that this is not possible.

[Begin unidentified official recording] That would not happen, first because it would violate the legal dispositions of the Andean group, and second, because Bolivia would not accept an imposition of that nature. [end recording]

The price band system for agricultural and livestock products will be approved by the agriculture ministers of the countries that make up the Andean Pact, with the exception of Bolivia.

While on the subject of imports and exports, Bolivia wants to increase trade relations with Chile, seeking to level the balance of payments which is currently unfavorable for us. This statement was made by Industry and Commerce Secretary Carlos Morales.

Brazil

Minister Confirms 'Emergency Tax Adjustment' Plan

PY1510025393 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 14 Oct 93

[Text] Finance Minister Fernando Henrique Cardoso confirmed today in Brasilia that the government is

preparing an emergency tax adjustment. The constitutional reform proposal is being slowly approved in Congress, but the government is in a hurry. It must obtain more money this year to compensate for the loss of the IPMF [provisional tax on financial operations] and to compensate for a deficit of 300 billion real cruzeiros in the 1994 budget.

If Congress fails to approve the tax reform by December, the government has other alternatives ready to increase taxes. For instance, for this year the government intends to increase the IOF [financial operations tax] and the IPI [tax on manufactured products], and also the import tax on some products.

In 1994, the income tax levels could be increased to 10 percent, 15 percent, 25 percent, and 30 percent. The other proposal is to eliminate fiscal incentives such as the Finam [Amazon Investment Fund] and the Finor [Northeast Investment Fund].

Upon arriving today in Brasilia, the finance minister discussed this matter with President Itamar Franco and set a meeting for next week with the economic team and government leaders in Congress to discuss the constitutional reform. The minister has made it very clear that he will wait only until the end of the month to implement the emergency tax measures.

[Begin Cardoso recording] One does [what one can] with what one has. We cannot leave the collection of taxes without a solution. Then, if necessary, we are going to adopt temporary measures. But this should not be understood as something done instead of, but rather together with the permanent measures. [end recording]

PMDB, PSDB Oppose Fiscal Reform

PY1410212093 Sao Paulo FOLHA DE SAO PAULO in Portuguese 12 Oct 93 Section 1 p 7

[Article by Brasilia correspondents Tales Faria and Luicio Vaz]

[Text] Last week, the PMDB [Brazilian Democratic Movement Party] and the PSDB [Brazilian Social Democracy Party] told Finance Minister Fernando Henrique Cardoso that Congress will vote down the fiscal reform project submitted by the economic team. Jose Serra, (SP) [Sao Paulo], PSDB leader in the Chamber of Deputies, was in charge of transmitting the "message" to the finance minister on behalf of his party, whereas Genebaldo Correia, (BA) [Bahia], minority bloc leader in the Chamber of Deputies, broke the news to Cardoso on behalf of the PMDB.

During a luncheon he gave at his home for Cardoso and PSDB leaders, Serra told the finance minister that the only way the government could get Congress to pass a "satisfactory" fiscal reform project would involve not submitting the plan drafted by the economic team directly. He contends that Cardoso should discuss this project at government level with the ministers who represent the parties supporting the government in Congress first. "Whatever the proposal for fiscal reform the government puts forward, the supporters of the government in Congress will only pass one that has the okay of their representatives in the government's ministries," he told Cardoso.

The previous day Correia had told the same thing to the minister, although he worded his advice differently. During a meeting Cardoso held with the PMDB at the Finance Ministry, Correia stated that, before submitting the fiscal reform project to Congress, "it is essential that it be a consensus project within the government."

After the luncheon hosted by Serra, PSDB Chairman Tasso Jereissati, prodded by Cardoso, went directly to Congress to "visit" the PMDB chairman, Deputy Luiz Henrique (SC) [Santa Catarina], in order to hammer out an agreement so that the fiscal reform could be voted through. After the meeting, it was Henrique's turn to communicate another unpleasant message to the finance minister.

According to Henrique, given the fact that the government needs to have the project approved by the end of the year, "time has become another major enemy of the project." He believes that the fiscal reform "will probably become a minor adjustment to the current system rather than a revolution in the tax system." The deadlines established in the provisions of the project make the approval of a wider reform more difficult. The first amendments may only be passed by the end of November, and the enactment of the bill would take place in December. After that, Congress will still have to pass a law regulating the reforms made to the tax system.

To top it all, Pedro Simon (PMDB-RS) [Rio Grande do Sul], the government leader in the Senate who tendered his resignation not long ago, raises another concern: "The government then has to submit its own fiscal reform package, otherwise it will be very difficult to approve it this year."

Cardoso, French PM Discuss GATT, Fiscal Reform

PY1410223793 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 13 Oct 93 Economy and Business Section p 1

[Article by Reali Junior]

[Text] Paris—French Prime Minister Edouard Balladur promised Brazilian Finance and Economy Minister Fernando Henrique Cardoso the "effective support" of France for Brazil before the IMF. Balladur and Cardoso met for 45 minutes yesterday in the Matignon Hotel in Paris. This promise was confirmed by Balladur through his diplomatic adviser Bernard de Montferrand, who said that this support would be expressed through France's vote in the IMF Administrative Council. French intentions could not have been clearer than through Montferrand's words: "France's vote will be in

favor of Brazil." As for the impression Cardoso made on Balladur in their first meeting, Montferrand said: "My impression is that he is a man of great quality."

Cardoso told journalists that after the French prime minister listened to his explanation about the evolution of Brazilian negotiations with official and private financial institutions, he "directly expressed the support of France at the IMF," as long as Brazil continues its current efforts to put its internal finances in order. Cardoso told him about the results obtained so far, as well as about difficulties in curbing inflation. According to the Brazilian minister, Balladur's support will be more emphatic with the implementation of measures to streamline public finances.

According to the French spokesman, Balladur and Cardoso were able to detect two points of agreement on the subject of GATT, even though they admitted their different points of view in the area of agriculture. Both France and Brazil favor multilateral negotiations, except in the area of culture. As is known, France has opened a new battle front with the United States, trying to exclude the cultural problem from the negotiations and beginning a great campaign in defense of French culture, mainly in the audiovisual, cinematic, and television areas, which are threatened by an invasion of U.S. products. France and Brazil defended greater cultural cooperation, and Balladur insisted on this point, as he wishes to increase the cultural presence of the two countries by further extending Portuguese language in France and vice versa. Balladur also explained the misunderstanding caused by the cancellation of his audience with Cardoso, due to a transportation strike in Paris and a mini-Cabinet meeting he had to summon at the same time, a difficulty that was nonetheless overcome.

Cardoso also met with French Economy Minister Edmond Alphandery, with whom he discussed the same issues, in a more detailed manner, and the difficulties in implementing fiscal reform, an obstacle which the French minister said he also found in his country. In the afternoon, Cardoso met with French Foreign Minister Alain Juppe, with whom he again discussed the GATT issue, which currently monopolizes the attention of the government. Late in the afternoon Cardoso met with Industry and Commerce Minister Gerard Longuet, and in the evening he dined with his friend, former Prime Minister Michel Rocard, currently Socialist Party first secretary. On 14 October, Cardoso will hold a breakfast meeting with businessmen in the King George V Hotel, and then a meeting with European diplomats to discuss GATT issues.

Red Brigades Attack Army Barracks in Rio de Janeiro

PY1410211293 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 14 Oct 93

[Report by Augusto Xavier]

[Text] Red Brigades drug traffickers have challenged the Army by attacking an armored infantry brigade barracks on Governor's Island, Rio de Janeiro. The attack was perpetrated just as about half a dozen Army soldiers were preparing to raid a shantytown some 200 meters from the barracks. Reporter Andre Luiz Azevedo was inside the barracks when the traffickers opened fire.

[Begin Azevedo recording] Military Police Investigation Service troops arrived at the barracks early. About half a dozen soldiers, in combat clothes and carrying automatic rifles, were preparing to raid the shantytown. Just before 1100 local time, traffickers opened fire at the barracks. This caused pandemonium in the barracks. [end recording]

The soldiers were unable to retaliate. This is the third incident involving traffickers and soldiers from the 14th Army Armored Infantry Brigade. Just two days ago, officer Andre Barbosa was shot while on sentry duty and was rushed to the Army Hospital.

Chile

Senate Passes Bill Ending President Term of Office

PY1510124393 Madrid EFE in Spanish 1853 GMT 14 Oct 93

[Text] Santiago, Chile, 14 Oct (EFE)—The Chilean Senate today approved a bill establishing that the president's term of office will be limited to four years. The 1980 Constitution established during the military regime of General Augusto Pinochet (1973-1990), who is currently the Army commander in chief, provided for an eight-year term of office. The bill was passed 29 votes to 10 with four abstentions, just one more than the minimum required by law to pass a constitutional reform.

The Senate also passed an amendment to the bill submitted by President Patricio Aylwin, which provides for the reelection of the president for just one term. The original bill submitted by Aylwin passed 80 votes to 14 in the Chamber of Deputies on 7 July. The bill thus will be discussed by a joint committee so both chambers of Congress can resolve differences.

Congressional sources reported that the bill's approval by the Senate was the result of intense behind-the-scene negotiations between congressmen from the ruling Coalition of Parties for Democracy and from the right-wing National Renewal Party.

Senators from the right-wing party Independent Democratic Union (UDI) and those appointed by Gen. Pinochet before handing over power in March 1990 voted against the bill.

Prison Police Director Warns of Terrorist Plans

PY1410121693 Santiago Radio Cooperativa Network in Spanish 1000 GMT 14 Oct 93

[Text] National Prison Police Director Claudio Martinez confirmed that the Manuel Rodriguez Front has designed plans to attack him and the National Prison Police. He said, however, that all necessary measures have been adopted at the units and the director's office.

[Begin recording] [Martinez] We have adopted all the measures within our reach and we have instructed our personnel to adopt the necessary precautions for their personal security. The Prison Police have a large number of sections and 5,000 employees.

The cold-blooded murder of an official not directly involved in the custody of prisoners shows that terrorist madness can affect any of our officials. For this reason, we have released a set of instructions to each employee so they can adopt preventive measures to prevent situations like the one that occurred on 11 October.

[Unidentified reporter] It has been said there are plans to attack you...

[Martinez] Intelligence units have informed me that part of the plan might include an attack against the Prison Police director, for which reason I have adopted measures following the advice of specialists. [end recording]

Martinez made these remarks after attending the burial of Corporal Jose Cortes Cancino, who was murdered by terrorists at the repair unit of the Prison Police Mobilization Department on 11 October. The requiem, which was said by Prison Police Chaplain Nicolas Vial, was attended by metropolitan region Intendant Luis Pareto, Under Secretary of Justice Marcos Sanchez, and Prefect Inspector (Simon Tapia Canas), chief of the Investigative Police metropolitan unit.

Bolivian President Views Relations

PY1410174093 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0217 GMT 14 Oct 93

[Studio interview with Bolivian President Gonzalo Sanchez de Lozada by program host Patricia Politzer, from the "Of Public and Private Matters" program—live or recorded]

[Excerpts] [Politzer] Good evening, Mr. President. Welcome to our country. While you have been many times to Chile, this is the first time you have come as the Bolivian president. How do you feel as the first Bolivian president to visit Santiago?

[Sanchez] Well, I found it a bit strange that the presidents of two neighboring countries have never exchanged visits to their respective capitals. I believe this shows that something is very wrong in this part of the continent, because this is the first time in centuries, almost in centuries, that one president has visited a neighboring country. It shocks me very much to think I am the first Bolivian president to visit Santiago. No Chilean president has ever visited, well, there was one visit to...

[Politzer, interrupting] Arica...

[Sanchez, interrupting] Arica. No Chilean president has ever visited our capital. This shows there is something very wrong in our relations, and I hope I will not be—well, I am the first—the last Bolivian president to visit this country.

[Politzer] I was told, however, that you were very doubtful about this trip. Why did you finally decide to come?

[Sanchez] I was never doubtful. I have great confidence in dialogue and accord. It is part of the political culture that we have developed in Bolivia. I am part of that and I believe talks are the path toward understanding.

I never had any doubts. The Rio Group is a very important forum. This is the first time I am attending it and I considered the possibility of coming to Santiago as very positive, almost destiny. I never had any doubts. Some people may have had doubts, but I never did.

[Politzer] The truth, however, is that the Bolivian Congress debated the subject for three hours before authorizing you to come...

[Sanchez, interrupting] Congress debates everything for three hours. Not too much importance should be attached to this. I believe there were never doubts and there was unanimous support. Congress merely debated a recommendation for the president. Our Constitution states that foreign relations fall under presidential jurisdiction, but Congress has the right to make recommendations.

Congress very specifically recommended that I come to Chile and that, if I meet with President Aylwin, I should talk about the sea. This is what they said. It is so simple and I took due notice of it. The responsibility is in my hands. [passage omitted]

[Politzer] Would you be willing to resume diplomatic relations with Chile without raising the Bolivian landlocked situation, without preconditions, with a view toward promoting commercial integration with Chile?

[Sanchez] I believe that if there are relations, there should be no preconditions: Without Bolivia demanding to raise the landlocked situation, and without Chile demanding to stay away from the subject.

Yet I believe the situation should be understood from a more intimate and a more emotional viewpoint. The most logical situation is to have relations. Yet life is not logical, and I believe we are waiting for a sign that those relations will be fruitful, without preconditions...

[Politzer, interrupting] What signs are you waiting for prior to restoring diplomatic relations?

[Sanchez] I believe we are waiting for a miracle, and miracles are made with imagination and work. We expect a sign, a change, like what has happened in Paraguay, for example.

Some weeks ago, the Armed Forces of both countries exchanged war trophies in Santa Cruz de la Sierra. That sign had a strong impact on the people, not on diplomats or on those who govern. During the parade on 24 September, Chaco war veterans waived Paraguayan and Bolivian flags. That was an absolutely stupid war.

That was a miracle, a sign from God. I believe this is what we are waiting for. A sign of understanding, of humbleness, on both sides, and of sensibility. We live in the same world and we share a common border. We are Siamese twins who have been ignoring each other's presence. A sign, a miracle to tell people, without demanding anything, without setting deadlines, that relations will work, that this marriage, in which success is not guaranteed, is worth trying because there is enough affection. [passage omitted]

[Politzer] Could this miracle not happen by changing the territorial approach that has marked relations with Chile, perhaps by shifting the emphasis toward true integration, with a free-trade treaty, for example, with binational companies, or with special guarantees for private investments?

[Sanchez] I believe considerable progress is being made in that field. I do not know whether this is the miracle, but we should follow this path. There are many aspects, but relations with Chile have always been considered from a single viewpoint. All personal or national-level relations have more than one side.

I believe this is very positive, but it is also necessary to move forward, and for this reason I believe we must make an in-depth analysis. We made progress through a treaty that opened the Chilean market to many Bolivian products but shortly afterward, however, the Chilean agriculture minister adopted price and security measures that again eliminated all Bolivian imports.

Bolivia imports Chilean products, but we cannot sell our products to Chile. I am thinking of importing some Chilean products, putting them in new boxes and reexporting them to Chile and see whether they are admitted. Those attitudes must change. We must try to help our neighbors sell in our markets in order to be able to sell our products in his market. It is an exchange process that has two sides.

I believe this is very important, and I am attaching a lot of attention and importance to economic relations. I believe we complement each other. On the Bolivian high plateau, in the valleys, and in the tropical zone, we produce many things that Chile does not produce. We can have intense commercial relations.

We want to receive technology and Chilean products, and we also want to sell our products. This is a field in which we want to make substantial progress. This activity can spark off what is called a miracle.

[Politzer] With a view toward economic development and the provision of Pacific Ocean access for Bolivian products, are you planning to continue to encourage the use of the port of Ilo, like former President Jaime Paz Zamora, or will you adopt a different policy?

[Sanchez] I believe it is good for us to reach all ports. Bolivia has been really cloistered. Only now that the Paraguay-Parana waterway is being opened, will we have access to the Atlantic Ocean.

We have a marvelous Mississippi that never freezes, yet we could never use it because the Bolivian flag could not pass through Asuncion because Brazilians and Argentines imposed restrictions on navigation. We want to find a way through the waterway, through Ilo, Arica, Antofagasta, through everywhere. We want possibilities that are neither exclusive nor exclusionary.

It is unbelievable: Bolivia does not have a single paved road to the sea, no paved road reaches the sea from our borders, only the railroad.

We obviously want to dramatically change this, opening air, land, railroad, and highway routes. We want access to many markets. This is the environment we are trying to build, without being either exclusive or exclusionary, trying to reach the world through all possible ways.

[Politzer] Do you think it is possible to promote integration in the short term between Chile, Argentina, Bolivia, Peru, and Brazil?

[Sanchez] I think it is possible. But it will unfortunately occur through NAFTA [North American Free Trade Treaty], the great free-trade market that I hope Mexico, the United States and Canada will manage to create. That is such a big market that we will probably join it. I know Chile intends to join. Bolivia wants to join before Chile, because we are smaller.

We will find a common market that will force us to eliminate all types of political or tariff barriers, and we will have to become an single country in which everyone will have a high plateau and everyone will have access to the sea.

[Politzer] Does that mean the northern hemisphere will make southern cone countries unite and promote integration?

[Sanchez] Yes, unfortunately we have a fabulous ability to become impoverished, to promote division, to wage fratricidal wars that are almost unexplainable—like the Chaco war—and to impose really painful restrictions and limitations on our neighbors.

Not long ago there was serious danger of a war between Argentina and Chile in which Peru and Bolivia would

also have become involved. This happened a very short time ago. Thank God, I believe we are making progress, that we can now see the sun, and that springtime is here.

I believe in this fact—and it is really a shame that I should have to say it—but I believe that North Americans, including Canada and Mexico, will be the catalyst that will unite Latin Americans.

I believe we will see a new world, and the new world will be our hemisphere, which will be so dynamic, so big, and so important that it will even make the rest of the world eliminate those barriers that are so harmful to us, especially to the most poor. [passage omitted]

[Politzer] You have clearly stated that growth is essential to overcome poverty yet, if the environment is so strongly protected, people say you cannot promote development and overcome poverty at the same time.

[Sanchez] No, we are thinking of promoting growth, let us say, in the Chilean style, because our people need jobs. It is very difficult to isolate social factors from economic factors. Economic factors and investment produce jobs, better salaries, and the funds that are necessary for education, health, sports, and all the other things people want. Consequently, we must grow. Yet instead of clashing with nature, why not choose a path on the side of nature, avoiding excessive damage to nature...

[Politzer, interrupting] Do you not think this might slow down economic growth?

[Sanchez] I do not agree. I believe it involves more creativity. For example, as I have already said, I worked for 30 years as a mining industrialist. One day, the peasants who lived near the rivers where we had our mines said: "You are poisoning our harvests, you are destroying our fruit trees. Do something about it." They threatened us and said they would destroy the mines.

I went to the engineers and told them: "This is not possible, we cannot exploit and destroy nature." They told me: "No, these Indians, these peasants do not know anything. We must produce."

I told them to find a way. We discovered how to recycle the reactants and we began to save money because they had been throwing into the rivers chemicals that, if recycled, can be reused. We recycled, we cleaned up the river water, and we made bigger profits. Nature punishes those who destroy and helps those who preserve.

[Politzer] You are saying that preserving the environment can be a good deal?

[Sanchez] A good deal, but most important of all, the only deal, because if you destroy the place where you live, if you kill your mother, how can you continue to live?

[Politzer] Mr. President, another important plan in your government is a special system for privatizing state-run companies, which you have christened capitalization. What is the difference between privatization and capitalization?

[Sanchez] Well, it is one step ahead of privatization and it might be useful for Chile because the secret of success in politics lies in picking up ideas from others. We are always looking to implement other people's ideas.

Our government basically seeks the participation of the people. We believe that in the next century, representative democracy will not be enough, because it will not meet all expectations. People want participative democracy.

Consequently, we decided to invite enterprises to capitalize our enterprises. Instead of buying our assets, they are invited to make investments in order to make these assets grow.

If an enterprise is worth 100 [unit not specified], and if someone makes an investment of 100, ownership of the enterprise is then shared in equal parts. The 50 percent of shares owned by the Bolivian state will be delivered to peasants, to all adult Bolivian people.

[Politzer] How will this be done? Will each Bolivian receive shares?

[Sanchez] Right. It might be too complicated to individually manage shares. We are considering the possibility of delivering them as pension notebooks, or through mutual funds in which peasants will be able to sell their shares if they want to buy chicken, cows, or pigs, thus making their own decision.

The people are expected to keep their shares because we believe that the experience of giving them shares will be, from a social viewpoint, as important as land reform was in Bolivia. We believe if we succeed, we will be able to return 50 percent of the GDP to people...

[Politzer, interrupting] Mr. President, with this formula, will many Bolivians who receive shares sell them to large holdings?

[Sanchez] We are not very concerned about that, because that is their decision. Many people in Bolivia can neither read nor write, but they all know how to count. I can assure you that they will be very careful, because they know the value of shares.

For many years I have toured my country. I visited the Beni region, which is the cattle land. A local inhabitant told me: "I will sell my shares the day I get them. I will buy 20 cows and get rid of my boss." I also visited the high plateau, where they told me: "We will never sell them, we want to own our country." Everyone will make his own decision. Everyone will be careful. We will obviously provide protection to prevent repercussions. We believe that since they have nothing, giving them something cannot be bad.

Everyone is concerned, saying: "Why will you give shares to these ignorant people, to these Indians?" I reply that the shares belong to them. It is their sacrifice, the taxes they have paid, the inflation, which is the worst of taxes, through which it was possible to create these enterprise.

May I humbly suggest that this might be a good solution for Chilean copper enterprises, by giving them to the people, so that the people can decide. Some people will buy more, others will sell, in a system where the poor can see that they are participating, like in a democracy where the vote of the poorest citizen is worth as much as that of the richest. It is an interesting idea to give people shares, so that they feel they are part of the economic world in which they live. [passage omitted]

[Politzer] Bolivia is the second largest coca producer in the world. You have said that drugs are not the exclusive problem of consumer countries but also of producing countries, including Bolivia. Bearing in mind that illegal coca exports are worth more than $300 million annually to Bolivia, can you convince Bolivians that this is a problem and not just profit?

[Sanchez] I believe the risk involved is very great and the people really want alternative development. People want a place where they can work. That is why we are so interested in becoming an exporting country. Now that raw materials prices are dropping so much, added value is the only way to maintain prices. Added value entails the work, imagination, and creativity of men.

Bolivia seeks consensus, we always strive for a consensus, and this is why we have been successful in overcoming big problems. It is very important that, within this consensus, we are trying to understand that trafficking is extremely dangerous.

We are already beginning to consume drugs. When we merely exported drugs we said "this is for the rich," and did not care. Now our own people are beginning to consume drugs, our children, our youths. This is endangering our institutions, our justice.

Thank God, trafficking never joined the left, let us say, the anarchist left, and we have never had a Shining Path. The big drug cartels remained elsewhere, thank God, with no interest in Bolivia. But now Bolivia is changing, becoming a more solid and serious nation which may be embarking on a major economic lift off, and we are afraid that traffickers might want to invest in our country.

Consequently, we have to kill it before it kills us. We must tell the people that this is national destiny, a national imperative, because coexisting with this snake is too dangerous. I believe the people will agree. Those who produce coca must become involved in other activities. This is the government's obligation and we hope to succeed.

[Politzer] How will you replace that $300-million income?

[Sanchez] I believe I will accomplish many things. I believe a miracle will happen between Chile and Bolivia, I believe all Bolivians will participate in the economy, I believe we will promote growth, and I believe there will be education. I am a man of dreams but I am also a practical man and that is why I was elected. I believe we will make it. I want to add that this is not in some remote future. I believe it will happen while I am in the presidency. This is my obligation, to succeed during my term.

[Politzer] Chilean police complain that the Bolivian police do not efficiently cooperate in controlling coca and cocaine paste trafficking along the Chilean-Bolivian border. This program has reported on trafficking along the border. It was not difficult to find the traffickers who cross the border without much difficulty. Are you planning to adopt any specific measures in this regard?

[Sanchez] Naturally. The reorganization efforts seeks to implement an efficient, honest, and economic state. We will cooperate in this. It is one of the many fields in which we want close ties. We understand perfectly well that it is not a matter of saying let those who have money consume drugs, which we will produce. No. We believe that illegal exports are not good for any one. [passage omitted]

Fujimori on Guzman, Plebiscite, Economic Reform

PY1510034393 Santiago Television Nacional de Chile Imagen Internacional in Spanish 0000 GMT 15 Oct 93

[Text] A few hours after having arrived in Santiago, Peruvian President Alberto Fujimori granted an interview at Hotel Carrera, where he is staying with the other presidents who are attending the Rio Group summit. Fujimori, who according to the polls is supported by a large number of Peruvians, is facing one of the key points of his administration, as in two weeks there will be a plebiscite held in his country to decide whether he will be able to run for reelection.

[Begin recording] [Reporter Cecilia Serrano] Mr. President, a little more than one year ago, when we had a conversation in Lima, one of your main concerns was to dismantle the Shining Path, SL. How do you feel a year after having been able to capture Abimael Guzman, and after his recent decision to publicly surrender [words indistinct]?

[Fujimori] Extremely happy, just like all other Peruvians, because Guzman was captured, sentenced to life imprisonment, incarcerated in a high security jail that we had to build in a hurry, and has unexpectedly decided to publish this letter in which he, Elena, and [name indistinct], who are two of the three members of the so-called SL political board, are surrendering.

[Serrano] The international community is interested in learning whether Guzman's decision to announce his surrender was not the result of some sort of pressure.

[Fujimori] The international community is mainly interested in two facts: that this decision, as can be seen in the video, was made by Guzman without any pressure, and that, we must emphasize this fact, terrorism is being defeated in Peru, and at a low social cost. This has been done in a very effective manner and in a relatively short period of time.

[Serrano] Mr. President, the fact that Guzman made his surrender public, through a letter and a video that have been shown over television, will this result in a reduction in his sentence?

[Fujimori] This has not been discussed. We have never considered reducing his sentence. His prison conditions might perhaps become less strict. Currently, for example, he is allowed to go out to the patio for only half an hour a day. This could be improved.

[Serrano] A curious thing has happened. The Peruvian magazine CARETAS published a drawing in which Guzman appears to be voting yes in the upcoming plebiscite. Political analysts point out that somehow this will gain you more votes in the upcoming plebiscite. I would like to ask your impression about seeing your worst political enemy transformed into someone who can help you get votes.

[Fujimori] Approval of my administration is not a result of Guzman's letter. It is the result of the remarkable success my administration has had in fighting the SL and the Tupac Amaru Revolutionary Movement. This letter is like Guzman's, Elena's, and [name indistinct] surrender. In showing this letter to the people it was a clear sign that we continue to progress in our fight. Naturally this will make more people support me, because we all want peace.

[Serrano] Let us discuss the economy now, because in this field you have achieved great success. I would like to mention only one index. The inflation rate during 1990 totalled 7,641 percent.

[Fujimori] Exactly.

[Serrano] This year the inflation rate will total an estimated 50 percent. It is well known that these macroeconomic adjustments have a heavy social cost. Studies conducted by private groups indicate that poverty during this same period of time has increased by 70 percent, and extreme poverty by 40 percent. I would like to know what you think of the social cost the Peruvian people have had to pay in exchange for this economic adjustment.

[Fujimori] At its different levels, poverty has been camouflaged by many of the previous administrations. It has been camouflaged because the people lived an artificial life based on the unbacked printing of money, and the foreign debt was not paid for. What happens now is that as we face reality, this poverty becomes a clearer fact. It is clearly noticed. What the government wants is to overcome this poverty through democratic methods. This is a long fight, but there are clear signs that the prospects are good. There is a flow of national and foreign investment, and there is understanding.

[Serrano] There is a bilateral issue pending between Peru and Chile. It is the Lima Convention. The agreements that were signed in May should have been ratified by the two countries' congresses. So far, this has not occurred.

[Fujimori] My administration has decided that they will be ratified before the end of President Aylwin's term in office.

[Serrano] It has been said that you will discuss this topic with President Aylwin during this Rio Group summit.

[Fujimori] It will certainly be discussed by us.

[Serrano] Mr. President, we want to thank you very much for having granted us this interview here at your hotel, after having just arrived. The trip from Peru is not very long, but all trips are tiring. Thank you very much.

[Fujimori] Thank you, and good night. [end recording]

Colombia

Budget Bill Talks Blocked; Senators Denounce Bribes

PA1510035293 Santa Fe de Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 14 Oct 93

[Report by Ana Fernanda Valderrama; from the "National Newscast"]

[Text] The issue of the Budget Bill, which remains blocked for the time being, is hotter than hot. Disguised subsidies appear to have created the conflict among congressmen. There was a fight among parliamentarians over the use of 100 billion pesos, which were carefully distributed in three funds. These funds in the end would become more political booty for congressmen in their regions.

Senator Alberto Santofimio today made serious statements on this. He and several senators asked the Prosecutor General's Office to conduct an investigation.

[Begin recording] [Unidentified reporter] Were you offered money, Dr. Santofimio?

[Santofimio] Yes, I was offered money, but I turned the offer down.

[Reporter] Who made this offer to you?

[Santofimio] Senator Juan Jose Garcia.

[Reporter] How much money did he offer you, Doctor?

[Santofimio] Some 300 million [currency not specified].

[Senator Hernan Echeverry] I was told yesterday they were offering 300 million. I could not accept that because it is a clandestine way of reviving some subsidies the new Constitution tried to eliminate.

[Reporter] Senator Santofimio said Senators Tito Rueda and Juan Jose Garcia offered 300 million pesos to each parliamentarian to support this motion. Were you offered money?

[Senator Bernardo Gutierrez] Well they called me to tell me about the convenience of this.

[Hector Heli Rojas, First Commission senator] Regarding the case of the president of the Senate Fourth Committee, he created a subsidy for water lines in Barbosa and Moniquira, where he owns a large farm.

[Reporter] Who is he?

[Rojas] Dr. Tito Rueda.

[Santofimio] This is a way to disguise subsidies and pass them in a strange negotiation with the cooperation of the finance minister. [end recording]

At this hour, the prosecutor general is listening to the accusations made by the senators and representatives of the First Commission in this case. In this regard, the finance minister said he is in peace. According to him, there is nothing to hide and therefore anyone can investigate.

[Begin recording] [Unidentified reporter] Minister, Senator Santofimio reported you are negotiating budget allotments with legislators to get the Budget Bill approved. What is your response?

[Hommes] This is not true.

[Reporter] Why are the lawmakers so upset then? They think the government is trying to revive subsidies that are unconstitutional.

[Hommes] That is not true. What we are doing is establishing regional expense allotments. There are allotments enabling municipalities to build bridges, roads, etc. The list is there. It was all published in the Budget Bill we submitted. It was published in the Congressional gazette and is open for revision. They should examine this document to see if there is something wrong.

Now if Congress and Senator Santofimio do not want budget allotments for municipalities of Tolima, we will eliminate those allotments. [end recording]

[Santa Fe de Bogota Inravision Television at 1730 GMT on 14 October broadcasts a one-minute report which adds: "The discussion of the Budget Bill in Congress has come to a standstill. The problem stems once more from disguised subsidies that are included in the Budget Bill. Congressmen at this hour have requested an investigation and intervention by the Prosecutor General's Office. We will have more details and statements by key players on this later."]

Presidential Candidate Navarro Interviewed

PA1410171793 Caracas EL GLOBO in Spanish 10 Oct 93 p 5

[Report on an interview with Antonio Navarro Wolff, president of the 19 April Movement Democratic Alliance, AD/M-19, by an unidentified EL GLOBO reporter; place and date not given]

[Text] We will have to conduct the election campaign wearing a bulletproof jacket, and even that does not mean our lives are safe, said Colombian presidential candidate Antonio Navarro Wolff. EL GLOBO asked him about the most recent terrorist attacks in Bogota, which killed several people and wounded others.

The former guerrilla leader is concerned about the capability of the enemies of Colombia's peaceful development to organize themselves and hamper the election process, as they are demonstrating now. The people, he said, are tired of violence, which is losing political significance by the day.

Navarro Wolff is one of the most charismatic leaders the country has. He returned to democratic society after spending many years trying to change the existing situation by force. He now leads the Democratic Alliance, which substituted the 19 April Movement. His party has 23 representatives at Congress, and his party has become a real winning alternative for the presidential elections next year.

Three Presidential Hopefuls

The election battle will be waged by three candidates. Besides Navarro Wolff, there is the Conservative Party's Andres Pastrana (son of former President Andres Pastrana Borrero), and the liberal party's candidate, who will be selected by an internal election. Wolff said that if the election were to be held today, these three would receive the most votes. He notes, however, this does not mean that a president will be elected first time around. Given the equal support, a runoff election between the two candidates with the most votes will probably be needed, as established by Colombia's new Constitution. The Constitution also separated the presidential and congressional elections.

He expresses optimism about his chances of becoming president. He says his party already beat Pastrana in the race for Bogota senator with Vera Grave. Since then the party's political forces have improved their organizational abilities and spread all over the country. He is cautious in calling himself a sure winner. The harsh school of war and politics taught Navarro Wolff that one cannot go around claiming victory. When asked what position he expects to occupy in the election between the three candidates he said that that is difficult to foresee.

Navarro Wolff is lean, tallish, and has a penetrating look through the thick plastic lenses of his eyeglasses. He assesses each phrase with a watchmaker's precision, surely inherited from his Germanic decedents. His eyes

are gray, his complexion fair, and his hands sketch each of his statements. His surname is Wolff, but he has only the cautions character of this animal.

Pragmatic Politician

The Colombian presidential candidate, who has a rainbow of democratic and leftist supporters, is a pragmatic politician. The important thing, nowadays, is to hold basic principles that are not subject to negotiation. In that sense, the peace policy is essential. He conceives that policy as the incorporation of all political forces to a peaceful and democratic development. He believes the path toward a market economy is unavoidable but should go hand in hand with social justice. Democracy cannot exist without bread. Making our people go through a neoliberal shock could cause social tensions that could endanger democracy.

His program includes promoting respect for the Constitution, which is one of the main achievements of the Colombian people, and developing biodiversity, as only a small part of the country's vast resources are being exploited. At the same time, environmental protection is vital to preserve the country's natural resources.

Graphically, he described what he would do as president: promote economic development, putting his foot on the accelerator of social reforms in order to improve the people's living conditions.

Economic Integration

Navarro is an enthusiast of the integration process between Venezuela and Colombia, better known as 'la dupla.' This expression condenses the long term with which we describe the integration process. Commercial exchange between both nations during the current year is expected to total approximately $1.5 billion, which is most likely one of the highest between two of the countries of the region. The reason for this is due to the mutual benefits, which has aided the task of integration.

According to Navarro, the integration process carried out by Venezuela and Colombia is irreversible, and both nations are leading the way by engaging in the most advanced commercial and economic exchange process. Navarro believes that integration perspectives should be analyzed carefully; for example, to Colombia the best integration perspectives after Venezuela are those oriented toward Central America and the Caribbean area. He added that these two integration trends must be given priority status.

On the other hand, he expresses caution with respect to the North American Free Trade Agreement. He believes it would be a mistake to rush in to become part of this integration process because its fate is still unclear. In addition, we have the lack of development uniformity between the NAFTA partners, which is a risk there is no need for us to take on for now.

The AD/M-19 leader ratifies that the best and unquestionable conditions for the integration of our countries are found in Central America, the Caribbean, and Chile. Navarro warns that, potentially speaking, we are in a world of blocks and that if we are unable to carry out the integration of our countries, we will be swallowed up by the stronger blocks. The Colombian presidential candidate proposes less ideology and more practical sense.

Peaceful Changes

The old forces were unable to accomplish the development and social justice objectives our countries are demanding. The new forces that are emerging from the reality of our nations have been able to promote peaceful changes in Central America and the Andean region.

In commenting on the differences that have risen between Venezuela and Colombia as a result of territorial claims, Navarro believes that these issues have decreased in importance precisely because integration has become the fundamental issue in the relation between the two neighboring countries. He says that in Colombia, those candidates who have tried to introduce the territorial claims issue in their election campaign have been isolated. According to Navarro, good sense must prevail in accordance to a historical vision that will unite both nations.

Cuba: Must Accelerate Transition

In discussing other international issues, he said that China has handled the process of transition to a market economy with good results. Russia tried to make the change through political democracy, which bogged down the situation. This confirms what I said before: democracy without bread does not work.

Regarding Cuba, he said the transition toward a market economy in that country is inevitable. He said, however, that a sudden rupture of the political regime would be negative for that country, the region, and even for the United States.

Navarro finally stated his position on his political objectives for Colombia today. The Constitution, drafted with the participation of democratic forces, including M-19, was based on a spirit of peace. Although violence has been politically defeated and has diminished, the final goal of peace has not been totally achieved. The Constitution made it possible to advance in changing political institutions but has not changed the regime. This change should come with the 1994 elections.

Warns of Attacks on Campaign

PA1410220593 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 11 Oct 93

[Telephone interview with Antonio Navarro Wolff, leader of the 19 April Movement Democratic Alliance, by Caracol Network News Director Dario Arizmendi during the "Up to the Minute Caracol" Newscast—live]

[Text] [Arizmendi] In today's editorial and under the title You Do Not Really Mean It, EL ESPECTADOR attributes the following statement to Antonio Navarro Wolff: The campaign has just taken on a new phase, my instinct tells me so and I have an instinct that has allowed me to survive over the past few years. For this reason, all candidates should wear bullet-proof vests. Good morning, Dr. Navarro.

[Navarro] Good morning Dario, how are you?

[Arizmendi] Did you put your vest on?

[Navarro] Yes, sir.

[Arizmendi] Are you going to wear it throughout the campaign?

[Navarro] Everything was calm. There was not that much tension. The bombs in Bogota this week, however, are a truly bad omen. A bomb was placed at the National Civil Registry Office and at political parties. This shows that there is an intention to attack the 1994 electoral campaign.

[Arizmendi] In your case Dr. Navarro, has the number of risks, telephone calls, or letters with threats increased?

[Navarro] I would not say that a specific campaign is underway against one or several candidates. I think it is tense situation that is increasing. I repeat, it seems there is an intention to promote violence in the campaign. This is being done openly and, consequently, we are all possible targets.

[Arizmendi] What groups or organizations are behind this campaign to frighten candidates and politicians?

[Navarro] As far as we know, the [words indistinct] in certain regions. We do not know what is happening with Mr. Escobar. However, when a bomb is placed at the Registry Office, well, then, that means one has to take good care of oneself.

[Arizmendi] What would be the best way for the government or society to guarantee the lives of candidates to public office? How can they guarantee that you will not be affected in an attack?

[Navarro] There are always a series of mechanisms. We need state security forces to be alert and be informed of our electoral agendas. We have to wait and see if movements are restricted. If that happens, then we should look at other possibilities. I have said that I want to visit all parts of the country. A message of change should not have any limitations. So far, I have travelled everywhere. I hope to continue to do so with the cooperation of all Colombians and the state security forces.

[Arizmendi] Television newscasts, especially those on the weekend, are involved in an argument about the emphasis that each of them is giving to the various candidates. With regard to the "AM-PM" newscast, a newscast of the 19 April Movement, do you think there is enough impartiality and independence there?

[Navarro] If you look at the time given to each candidate, you will see that we are not being treated fairly. Of all candidates, I am in seventh place with regard to television time used. This is less than 10 percent of the time used by Dr. Samper. It is also less than the time used by other Liberal and Conservative Party candidates. I believe that the "AM-PM" newscast has an impartial position and I would truly like to see all television newscasts make better use of the time given to political activities.

[Arizmendi] There was a press report that disclosed that you had the "AM-PM" newscast director fired because he did not offer the cameras to you last week.

[Navarro] No, I had nothing to do with that. That was due to a reason that is absolutely.... [pauses] No, that is not true.

[Arizmendi] Who fired the director?

[Navarro] The board of directors did. I am not a member of that board. As far as I was told, he was dismissed due to administrative reasons.

Mutual Legal Assistance Agreements Show Results

PA1410174393 Santa Fe de Bogota EL TIEMPO in Spanish 10 Oct 93 p 7a

[Report by Camilo Chaparro]

[Text] Two years after a secret vote of the National Constituent Assembly decided to eliminate extradition, the Colombian justice system has managed to compile evidence against 30 people who had been requested for extradition by the United States. Based on the forwarding of information, under the international agreements on mutual legal assistance, mainly those signed with the United States, the process is finally beginning to show fruits.

The Prosecutor General's Office has indicted almost 25 of the extraditables, some of whom were in the jails of the Judicial Police and Investigations Directorate (DIJIN) when the treaty was dropped. Others, such as the Ochoa Vasquez brothers and Pablo Escobar, surrendered to Colombian justice after the treaty lost effect.

The cases have been put together, almost in their entirety, with evidence supplied by U.S. authorities. In most cases the defendants are charged with assisting criminal organizations in smuggling into and distributing drugs in the United States. Since June of 1991, U.S. authorities have forwarded key evidence for processing and convicting some of the former extraditables.

Nevertheless, this week Prosecutor General Gustavo de Greiff and Deputy Prosecutor General Jose Sintura

pointed out the need for this exchange of information to be streamlined and to have all restrictions lifted.

During the recent forum on drug legalization held by Andes University, the Prosecutor said the exchange of evidence with the United States was "quite fair. We are accused of not convicting any of the drug traffickers. At the same time, they are not supplying the evidence," he added.

According to de Greiff, the United States expects us to convict these defendants "using weak evidence, as if we were not a civilized country where a person is believed innocent until proven guilty. I ask the United States if one of their judges would convict a person based on the evidence they send us."

The deputy prosecutor general told EL TIEMPO that although many convictions against Colombian drug traffickers are based on evidence supplied by foreign authorities, there is still a need to broaden these agreements. He said "we are particularly interested in a more streamlined process and more timely information and most of all in getting the United States to provide evidence against the bigger drug traffickers." Sintura added that U.S. judicial authorities should not be so reluctant to provide full evidence against the so-called Mafia kingpins.

Sources inside the Prosecutor General's Office said that the United States has not provided any hard evidence against the leaders of the Medellin Cartel, such as Jorge Luis, Fabio and Juan David Ochoa Vasquez, Pablo Escobar, or against the so-called Cali Cartel. "In come cases they just do not have the evidence, and in others evidence is protected by a legal secrecy system. This system only allows evidence to be examined during the trial or in the presence of the defendant. In other cases there is still an air of distrust toward Colombian justice," the source said.

EL TIEMPO examined some of the convictions handed down by Colombian judges against the so-called extraditables. We found that most of the evidence sent by the United States was based on classified testimony and statements from undercover DEA agents. There are also telephone conversations featuring the defendants organizing drug shipments from ports and airstrips in Colombia and distributing the drugs to various U.S. Cities.

The official at the Prosecutor General's Office affirmed that, "although some of the evidence is not strong enough, there is one thing that does help: Most of the accused know we have this type of testimony and are seeking a plea bargain by confessing to the charges against them."

Up to now, the Prosecutor General's Office and regional judges have managed to indict or convict extraditables Sergio Luis Restrepo; Luis Fernando Castro Molina; Hugo Gutierrez Holguin; Jairo Montero Soto; Efrain Antonio Rodriguez Puentes; Manuel Salvador Yepez; Luis Fernando Morales; Jairo Correa Alzate; Julio Enrique Rojas; Luis Delio Lopez Gomez; Gonzalo Mejia Sanin; Gonzaga Rincon Perez; and Fabio and Jorge Luis Ochoa Vasquez, among others. Pablo Escobar, Juan David Ochoa, and Miguel and Hilberto Rodriguez Orejuela are still on the waiting list.

* Repercussions of Porras Incident Discussed

* Liberal Party Issues Statement

94P20024A Santa Fe de Bogota EL ESPECTADOR 24 Sep 93 p 5A

[Text] Presidential hopefuls face a serious problem and a challenge which places them in a delicate situation: to prevent people with criminal records or morally blemished pasts from entering their campaigns. Neverthless, the purge in the various parties and movements continues.

Yesterday the Liberal Party directorate issued a declaration in which it categorically rejects and condemns infiltration by undesirable groups, such as that of Evaristo Porras, into the Liberal Party. It states:

"With regard to the event which took place in Leticia and was promoted by the representative Melquisedec Marin, the Liberal Party National Directorate (DNL) condemns the participation in said act by persons whose conduct has been rejected by public opinion. Fortunately, the subject to whom this censure refers has already made public his decision not to belong to any political party. The DNL, independent of the pronouncement made by the ethical director of the campaign of precandidate Ernesto Samper regarding the case in question, allows itself to instruct fellow members of the party as to the necessity of being alert in their respective movements to the attempts by undesirable persons to infiltrate in order to appear as participants in Liberal Party politics. The DNL does not recognize any organization which, without its authorization or without statutory basis, presumes to act in the name of the Liberal Party. We are experiencing circumstances in which one cannot be careful enough in an effort to prevent any reputiative interference which could cause moral damage to the party."

Meanwhile, the dizzying politics of Amazonas have grown increasingly complicated following the meeting of the "Porristas" last Saturday in Leticia. Former minister Ernesto Samper saw it necessary to anticipate ethical director Jorge Valencia Jaramillo's decision to reject completely the support which was offered by Representative Melquisedec Marin and the group of Evaristo Porras Ardila. Doctor Francisco Garcia Lara, nephew of Rodrigo Lara Bonilla, asked Samper Pizano that the involvement of Samperist congressmen Rodrigo Turbay Cote and Jorge Eduardo Gechem Turbay in the case of Milton Puentes also be investigated; Turbay and Gechem, along with deputy William Cano, attended the event to announce Marin's candidacy as a representative of the House, celebrated last Saturday in Leticia. Four of

the participants in that political meeting were detained in the last few hours, according to a report yesterday in LA PRENSA. In the meantime, Evaristo Porras stated to radio reporters that he was definitely withdrawing from politics "because the press is not allowing me to be a Liberal." He said that from now on he will not be a member of any political party.

As if that were not enough, precandidate David Turbay Turbay will have to make an statement regarding the case of one legislators who supports him, Felix Salcedo. The Ethics Commission of the Senate yesterday requested that the proceedings to divest Salcedo Baldion of his congressional seat begin. Carlos Lemos has Jose Ramon Navarro Mojica in his group.

Another Political Case

Precandidate Humberto del la Calle Lombana yesterday also saw it necessary to expressly state his rejection of support offered by Jairo Ruiz Medina and his group in Amazonas. In addition, he stated that he has begun to study the ramifications of a letter sent yesterday by the director of ethics for the Samper campaign, Jorge Valencia Jaramillo, which contained serious charges against members of his campaign in Amazonas, and specifically against Dr. Guillermo Zambrano Pantoja, who, according to the letter, had been an inmate in a Brazilian jail. As is known, the House of Representatives has just approved a request from the Council of State calling for Jairo Ruiz Medina to be divested of his congressional seat. Humberto de la Calle said with regard to this letter:

"With respect to the case involving representative Jairo Ruiz Medina, since 27 July, as soon as the decision was announced calling to investigation the members of the Council of State, I publically rejected Ruiz' attitude in statements which were made know by the national press. Likewise, the director of my campaign, Dr. Arturo Sarabia Better, as a member of the campaign ethics commission, requested that Ruiz be divested of his seat, a position which corresponds exactly to my thinking. I neither have nor accept any kind of political connections to Mr. Ruiz. With respect to the other persons, I do not even know some of them. And with respect to Mr. Guillermo Zambrano Pantoja, I have no idea whether or not he has a criminal record, but I intend to look into this in the coming hours and if this report is true I will not accept support of any kind. I visited Amazonas and Representative Ruiz was present in some of my meetings, in all cases prior to the events which have publically involved Representative Ruiz. In Amazonas, I was invited to the New Liberalism group headed by Hernando Zambrano."

* Effect on Campaign Viewed

94P20024B Santa Fe de Bogota EL TIEMPO in Spanish 26 Sep 93 p 8A

[Excerpts] In recent days political campaigning has gone from "Porrazo" to "Porrazo."

Not only because of Evaristo Porras' presence at the event attended by three congressmen who support Ernesto Samper, but also due to the adverse ethical decision for two of the officials and the rejection by various campaigns of some leaders who would like to offer support.

Far removed from the questions of how to invest earnings from Cusiana, or how to lower inflation or manage the public security situation, the topic of morality has taken hold of the campaigns and it would appear that the popular saying "tell me with whom you walk and I'll tell you who you are" is very apropos.

This is true to such an extent that within the Samper campaign another campaign is brewing: that of presenting a convincing argument in favor of expelling the three congressmen who attended the event in Amazonas, Jorge Eduardo Gechem, Rodrigo Turbay Cote, and Melquisedec Marin.

How To Win by Losing

In electoral terms it means a loss of something like 20,000 votes for the Samper campaign in Huila, Caqueta, and Amazonzas, but in exchange it may be possible to win some points in the national polls as some of the Liberal precandidate's campaign advisers have said.

Even the U.S. experts working for the Samper campaign favor a radical decision, a reflection of the extreme sensitivity that the issue of ethics rouses among the population.

For Samper, the problem is not of little importance. Above all because of Gechem, one of the parlamentarians who founded Samper movement more that 10 years ago. Turbay Cote, has firmly defended Porras' presence at the event since, according to Turbay, he already paid his dues to the justice system "and no one can be deprived of their civil rights."

The decision is in the hands of the campaign's ethical director, Jorge Valencia Jaramillo, a supporter of Galan's ideas although he was elected by the National Salvation Movement during the last elections.

Everything seems to indicate that an official decision will come about mid-week following the proceedings as laid out in the Code of Ethics. What is worse is that every minute that passes without a decision will work against Samper. Above all, taking into account that it is not a matter of a decision that is subject to law, but rather an ethical concept which has been stated under the precept of acting based on the truth as we know it and in good faith. [passage omitted]

The List of Undesirables

Beyond its immediate consequences for the Samper campaign, the meeting in Leticia had a long-term effect: it alerted all campaigns to the sensitivity which these issues have during elections.

A radical switch with respect to campaigns at times in the past, when electoral barons, regardless of the extent of their association with people of dubious reputation or the fact that their own moral rectitude was questioned, strutted arrogantly through public plazas challenging those issues. [passage omitted]

It has reached the point where some campaigns are drawing up lists of political undesirables: those who have several black marks, or at least one, in their past.

Alberto Calderon Zuleta, political and ideological adviser to Humberto de la Calle Lombana, said this a few days ago. They already rejected Jairo Ruiz Medina, of whom the plenary of the House recommended to the Council of State that he be divested of congressional seat due to a conflict of interest; Mariano Porras, a controversial Bogota developer; Samuel Escruceria, censured by the Supreme Court and divested of his congressional seat; and "20-25 other political figures" who have expressed a desire to work in the campaign.

Moreover, although at the time the topic was being treated with discretion, it was evident that De la Calle did not like the early support offered by Cesar Perez, then president of the House of Representatives. Some of De la Calle's supporters felt a great sense of relief when Perez withdrew from the campaign.

Commissions on the Verge of Extinction

Another fact which contributed to the radical shift was the Ethics Commission's decision to request that Felix Salcedo Baldion be divested of his congressional seat for having engaged in contracts with the state through third parties.

That commission, which seemed to be heading for extinction after the full Senate issued a weak decision with regard to the case of the former president Carlos Espinosa Facio Lince, has experienced a vigorous revival. It also requested that Jorge Ramon Navarro Mojica be divested of his seat. [passage omitted]

Paraguay

Chinese Delegation Arrives, Wants To Establish Ties

PY1410180893 Asuncion HOY in Spanish 14 Oct 93 p 6

[Text] The first delegation of PRC legislators to ever visit our country arrived here yesterday. During their first meeting with their Paraguayan colleagues, the visiting delegation members expressed China's interest in establishing diplomatic and commercial ties with Paraguay. It seems that the establishment of political ties, however, is still very difficult, for the time being, because the Executive Branch has shown no interest and has even declined to hold a meeting requested by the members of the visiting delegation.

The Chinese legislators are visiting Paraguay within the framework of a tour through Latin American countries. The delegation is headed by Zhu Qizhen, a NPC [National People's Congress] representative. He is accompanied by Li Xuge and Oju Qing. They met yesterday with Senate President Evelio Fernandez Arevalos and Euclides Acevedo, Chamber of Deputies first vice president. The members of the Senate and Chamber of Deputies Foreign Relations Committees joined the meeting later.

At the meeting's end, Jose Felix Fernandez Estigarribia said they exchanged information about the political and economic situation in Paraguay and China. The Chinese categorically expressed their country's interest in bilateral ties at all levels with Paraguay.

Answering journalists about the visit's objective, Zhu Qizhen said it is within the framework of recognition of the Paraguayan Government and its people and trying to establish friendly ties with our country. He added that there are great opportunities for an exchange at the legislative level and that direct trade ties should be established.

Until now, China and Paraguay have had indirect economic ties, and trade between the two countries totaled $30 million in recent years. He said this trade can be expanded and that "we are willing to continue importing Paraguayan products. We need to import, in particular, cotton, soybean, and lumber."

The Chinese are visiting our country on their own initiative because no invitation was issued to them. Today they are scheduled to visit municipal and political party officials.

Lacalle Views Mercosur Common Fees, Dec Meeting

PY1410113893 Asuncion NOTICIAS in Spanish 13 Oct 93 p 16

[Text] In December, the four Common Market of the South [Mercosur] member countries will meet in Colonia (Uruguay), to ratify the terms and define the "common custom fees" contemplated in the Asuncion Treaty. These were Uruguayan President Luis Alberto Lacalle's first words in the news conference he held at the home of the Uruguayan ambassador to Paraguay.

Lacalle, who yesterday visited Asuncion at the invitation of businessmen and Asuncion national university professors, said Paraguay and Uruguay must speed up the Mercosur integration process. He said large countries such as Argentina and Brazil have their own economic dynamics and small countries only have the power of the law. In this regard, he said it is extremely important that the Asuncion Treaty's terms be defined during the December meeting.

He commented on the creation of the Mercosur Arbitration Committee, which will be comprised of illustrious

lawyers knowledgeable about international matters. Each member country will have a representative on the committee.

He said the committee members will have to arbitrate controversies about any of the regional agreement's points, customs fees, macroeconomy, and so forth, that are still very conflictive.

The Uruguayan president also pointed out that the Arbitration Committee already will have been organized by the time of the next Mercosur summit. He emphasized that Mercosur will not act as a magic wand and change everyone's life. "It will cause headaches and call for changes that, gradually and in accordance with the goodwill of its member countries, will improve the economy of each one of them," he said. He added that the integration process is practically irreversible and that lack of support for it is the result of misinformation about the terms on which it functions.

Justice, Labor Vice Ministers Confirmed in Posts

PY1410151393

[Editorial Report] Asuncion ABC COLOR in Spanish publishes on 5 October on page 21 an unattributed, 500-word article in which Justice and Labor Minister Juan Manuel Morales confirms Juan Rafael Caballero as justice vice minister and Roque Elizardo Bobadilla as labor and social security vice minister.

Uruguay

Finance Minister, French Counterpart Sign Agreement

PY1510021793 Madrid EFE in Spanish 1906 GMT 14 Oct 93

[Text] Paris, 14 Oct (EFE)—It has been reported in a communique that French Economy Minister Edmond Alphandery and his Uruguayan counterpart, Ignacio de Posadas, today signed in Paris an agreement for "investment protection and mutual encouragement."

The note states that the agreement will allow the establishment of a stable legal framework for the two countries' investors, because it includes "very important" commitments by the two parties. The agreement's provisions contemplate fair and equitable treatment for foreign investors, which "should not be less favorable than the treatment given to local investors or to those from the most favored nation."

The most outstanding provisions of the agreement are: limitations on the possibilities for expropriation or, whenever it must occur, immediate and appropriate indemnification; the ability to freely transfer capital; and freedom to resort to international arbitration in cases of dispute.

The communique concludes by stating that the French-Uruguayan agreement will go into force as soon as it is ratified by the appropriate institutions of the two signatory governments.

Lacalle Comments on Uruguay GATT Round

PY1410121293 Montevideo Radio El Espectador Network in Spanish 0000 GMT 14 Oct 93

[Text] Today Uruguayan President Luis Alberto Lacalle asserted that the future of GATT will not live up to our expectations, although it continues to be our opportunity to obtain a certain freedom of trade and increase our trade.

Nonetheless, he added that the Ibero-American countries must take a firm stand in this regard because, he said, an international trade war would be fatal to us. We are listening to a double discourse. We small countries become angry and feel impotent when we see lips say one thing and acts that do something else.

In Lacalle's opinion, no idea, no matter how good, can resist six years of negotiations. The result to be obtained on 15 December will be very far from the ideas handled at the beginning of the negotiations.

When the Uruguay GATT Round began six years ago at Punta del Este, the world was bipolar and the industrialized countries' economies were blooming. Now, however, the bipolarization has ended and, at least, the world's three main economies, the United States, Europe, and Japan, are facing an economic recession.

Our president also defended the need to adopt a firm, united position on negotiations. We must take a firm stand in this regard and not allow anything to make us move; if there is no agreement, there will be war and a trade war would be fatal for us, he said.

Lacalle will leave for Santiago tomorrow to attend the seventh presidential summit of the Permanent Mechanism for Political Consultation and Coordination (Rio Group). The Uruguay GATT Round will be one of the topics to be discussed by the chiefs of state during the summit.

Editorial Analyzes 'Worrisome' Economic Slowdown

PY1410202793 Montevideo BUSQUEDA in Spanish 30 Sep 93 p 2

[Editorial: "Worrisome"]

[Text] The data on the performance of the economy in the first half the year, which were recently released by the Central Bank, are quite worrisome. While the Gross Domestic Product, GDP, grew by 4.9 percent in the first quarter, in the second quarter it underwent a slight decrease of 0.3 percent with respect to the same period in 1992. As a result of this, in the first half of the year the GDP grew by 2.3 percent. Even more important is the

remarkable GDP change in the second quarter, because it dropped in real terms by 2.7 percent with respect to the first quarter.

Even though there are exceptional factors that have negatively affected the GDP (the most outstanding cases are the effects that the stoppage in the ANCAP [National Administration of Fuels, Alcohol, and Portland Cement] refinery had on the manufacturing sector, and the strike in the construction sector in June), one cannot ignore that there has been a general slowdown in the level of economic activities.

The manufacturing sector (especially the agriculture and livestock and industry sectors) have again performed poorly. This can be explained on the basis of internal and external factors. Concerning external factors, the low price of many export products, and the recession in several markets that have been traditional buyers of Uruguayan products, have been discouraging for domestic production. As for internal factors, the strong increase of costs in dollars, within the context of an increasing opening of the economy, under which a larger portion of our local production has become purchasable, has created difficult conditions for competition with similar products made in the region and in the rest of the world.

The situation, which does not allow for many expectations, is coupled with a decelerated rate of growth in the services sector (for example, the sector of commerce, restaurants and hotels, which grew by 12.7 percent in the first quarter, grew by only 5.8 percent in the second quarter), caused by reduced demand from Argentina.

Even though the "slowdown" of economic activities was predictable, the magnitude and speed at which it occurred is a bit surprising. This situation entails some major consequences for the future.

First, tax collection faces a fragile outlook. It is worth recalling that in the quarter extending from May to July, DGI's [General Directorate of Taxation] tax revenues declined by 5.3 percent in real terms, compared with the corresponding period in 1992. This is perfectly consistent with the shrinkage in the GDP in the second quarter of the year, and the resultant Treasury deficit of $84.4 million, from the steep drop in tax collection and the surge in government spending. It should be added that the Treasury had a surplus of $103 million in the first four months of the year [as published].

In light of the economic downturn, or stagnation at best, it will be virtually impossible to maintain the current level of tax collection. It will, thus, be necessary to exercise extreme control to prevent the growth of public spending. A private sector that has slackened off production cannot continue shouldering the growing burden of government spending, which is to a great extent unproductive. This in turn acts as a major constraint on the temptation to "pump-prime" the economy through an increase in public spending. It is our considered opinion that there is simply no room for this possibility within the context of the country's current situation, unless one seeks to fuel inflation and to create the conditions for a new debt crisis. We believe that the current administration will not commit the same error, horror, the military regime incurred in 1982 in its macroeconomic policy.

Second, the task of checking the downturn in economic activity without generating inflationary pressures or problems in the balance of payments entails laying emphasis on the reduction of domestic production costs, which will demand an effort from both the private and public sectors.

With regard to the private sector, salary policies should be more flexible, so as to conform real salaries to the new realities concerning production and international prices confronting our country. At the same time, the private sector should continue making a sustained effort to rationalize production processes and to boost productivity.

Concerning the public sector, the government should do its utmost to curtail public spending—an endeavor which has so far met with failure—and to release resources, by easing off the indirect and direct tax burden, to boost the private sector.

We are absolutely convinced that the time has come for the state to effectively contribute to reducing the "Uruguayan cost." The current fiscal situation, especially if a certain control over the wage policy in the public sector is maintained,together with the country's borrowing capacity, make it possible for this administration to achieve this without causing major shifts in the balance of payments or inflation. But the essence of the solution lies in the structural reform of public spending, a pending issue for the government with regard to all Uruguayans, and which is leaving us far behind in the race to achieve development.

This is precisely the most worrisome issue of all. When will we, Uruguayans, realize that it is impossible to have a competitive economy with a cumbersome and inefficient state? Let us hope that it is not too late.

Venezuela

'Criminals' Exchange Gunfire Near Presidential Palace

PA1510005293 Caracas Venezolana de Television Network in Spanish 2350 GMT 14 Oct 93

[From "The News" newscast]

[Text] There was an exchange of gunfire between gangs of criminals this evening near the White Palace [located next to the Miraflores Presidential Palace], according to acting Interior Relations Minister Ezequiel Zamora and Presidency Secretary Ramon Espinoza. The two officials added that the people need not be alarmed over this accidental event.

[Begin recording] [Zamora] The National Government hereby reports to the people that criminal gangs clashed behind the White Palace, and this has been quelled by the police. That is all.

[Reporter] How many individuals were involved?

[Zamora] Two small groups clashed and created some unrest, but the police have the situation under control.

[Reporter] What exactly did happen? Is anyone hurt?

[Zamora] Two gangs of criminals had a shoot out.

[Reporter] What were these criminals doing there, according to the information you have?

[Zamora] They have been arrested. Investigations are underway.

[Reporter] Is anyone under arrest?

[Zamora] There are a few arrested persons.

[Reporter] Was there a confrontation, Mr. Minister?

[Zamora] There was a confrontation between the gangs, but the situation is under control.

[Reporter] Was anyone hurt?

[Zamora] No one was hurt. There was an exchange of gunfire and nothing else.

[Reporter] Were vehicles used during this exchange of gunfire?

[Zamora] No, none at all.

[Reporter] Were machine guns or FAL rifles used in the exchange of gunfire?

[Zamora] No, it was just a shoot out. We must not alarm the people.

[Reporter] Did the soldiers from the garrison or regiment shoot at them?

[Zamora] No, not at all. This happened behind the White Palace, and immediately the police quelled the situation.

[Reporter] Is acting President Carlos Delgado Chapellin at the palace right now?

[Zamora] Yes, he is in the palace. He is working calmly in his office.

[Reporter] What is the situation now here, at the palace?

[Zamora] The situation is entirely normal, and that is why we are reporting to the people to prevent this incident being distorted.

[Reporter] Was an alarm declared momentarily within the military staff of Miraflores Palace?

[Zamora] Look, when shots are fired certain security measures are taken, but the incident has been solved. As you see, two ministers are here and the president continues working in his office.

[Reporter] Is he meeting with the minister of defense?

[Zamora] No, the minister of defense is not at Miraflores Palace.

[Reporter] Is the situation throughout the country absolutely normal?

[Zamora] Absolutely yes.

[Reporter] Minister Espinoza, do you have anything to say?

[Espinoza] No, there is nothing else to add. It was just an accidental event, one of the many that take place in Caracas neighborhoods and that you, the newsmen, report normally. Therefore, this has absolutely nothing to do with the social, economic, or political situation of the country. This is just an accidental event that you frequently report in the media all the time. [end recording]

Velasquez Dismisses Possible Coup in His Absence

PA1410192093 Caracas EL NACIONAL in Spanish 13 Oct 93 p D-1

[Report by Milagros Duran on interview with President Ramon Velasquez with unidentified reporters at the Miraflores Palace in Caracas on 12 October]

[Text] Yesterday the Miraflores Palace, President Ramon J. Velasquez swore in Interior Minister Carlos Delgado Chapellin as acting president while Velasquez is out of the country for four days. He also swore in Ezequiel Zamora as acting interior minister. At the conclusion of the ceremony, reporters talked to Velasquez, who seemed confident the country will function normally during his absence.

[Reporter] Mr. President, are you not concerned that there may be a coup attempt during your absence?

[Velasquez] Absolutely not. If there is a group loyal to democracy, it is the National Armed Forces. In turn, this is precisely what I am going to say abroad, namely, that institutional life and respect for the institutions are tangible and genuine; that the country is advancing amid the economic, social, and fiscal problems that exist in every modern nation; and that election campaigns are always intense and violent in all democratic countries. I will say that in Venezuela its democratic institutions and its military institutions are working in harmony to seek a better future.

[Reporter] What is the importance of the Caricom [Caribbean Common Market] meeting in which you will participate in Trinidad and Tobago?

[Velasquez] I feel the meeting in Port-of-Spain will prove that Venezuela is affirming an international policy that

is in line with the nation's major development. Venezuela has its diplomatic missions in these 13 eastern Caribbean nations; this is almost an exceptional number. In addition, agreements on economic cooperation are being implemented. Despite the difficulties Venezuela has faced lately, these agreements are continuing to be implemented.

In terms of cultural affairs, Venezuela has in these nations 14 centers at which Spanish is taught and where awareness is broadened on a whole series of aspects of Venezuelan culture. We are going to bring up the possibility of creating an association of Caribbean nations that will also cover Haiti, the Dominican Republic, Cuba, Guyana, and Suriname. In this area, certainly, Venezuela is one of the largest nations of the Caribbean, perhaps the largest because of its development. We are going to begin to study what possibilities exist for this association of Caribbean nations. I regard it as very important. In addition, the presidents of Mexico, Colombia, and Guyana will be there tonight and tomorrow.

[Reporter] Are you scheduled to meet with the Colombian president to discuss money laundering and other topics?

[Velasquez] No, because those topics will be addressed during the meeting that begins in Santiago, Chile, on Friday, and which I will attend. All of Latin America's political, economic, and social problems will be discussed there.

[Reporter] What fundamental aspects will be discussed with the Colombian president?

[Velasquez] I do not know the agenda, but you know the Rio Group is an original and new forum for holding discussions. More than this, however, is that it serves to exchange news. Each president reports on the situation within his country in terms of political, military, and economic matters. These meetings have been held for some time, and a series of initiatives have emerged from them. I do think the meeting that will have the greatest impact in 1994 and 1995 will be the one on social development.

You know that all international organizations, such as the World Bank and the others, are undergoing changes and are becoming aware of social problems which up until now had been overlooked. Consideration was only given to economic development, and it was believed that this by itself would wipe out poverty and social inequity throughout Latin America. At the meeting held in Bahia two months ago, as well as in this one, we are going to bring up this topic, which will also be the subject of a major world conference in January 1995. This is, therefore, one of the fundamental topics to be discussed there, namely, the social or poverty problem.

Interior, Defense Ministers on Bombing Inquiry

PA1410182093 Caracas Radio Caracas Television Network in Spanish 0200 GMT 12 Oct 93

[From "The Observer" newscast]

[Text] Interior Affairs Minister Carlos Delgado Chapellin has announced at Miraflores Palace that the investigation into the terrorist attacks is still being conducted and that the results obtained so far are only partial.

[Begin Delgado recording] We are going to conduct a much more thorough investigation than has been carried out so far. We will also be looking at other developments and the motives that lie at the bottom of this wave of terrorism which, as you know, has hurt Venezuela quite a bit abroad. It has affected our credit, both internationally and domestically. [end recording]

Meanwhile, Defense Minister Vice Admiral Radames Munoz Leon pointed out that members of the Armed Forces involved in the terrorist attacks will be prosecuted by civilian courts because their crime was civilian in nature. Nevertheless, if they are found to have also perpetrated military crimes, they also will be court-martialed.

[Begin Munoz recording] Three members of the Armed Forces have been named by the Judicial Technical Police [PTJ] as suspects in the terrorist attacks. I have ordered their immediate placement under PTJ custody to pave the way for the necessary investigations. In turn, the suspects can explain their alleged involvement in this situation, especially in terms of their having obtained explosives. [end recording]

In conclusion, Munoz noted that the regime under which the National Armed Forces will be granted control over all imports, sales, and use of explosives in Venezuela has yet to be approved.